



2000 Annual Report

Sustaining Confidence Amid Changes

OUR COVER

PDIC salutes the vigilant Filipinos who gathered and marched in the streets to manifest their desire for justice and truth to rule in the country. The event is an inspiration and a challenge to the leaders of this land, especially those in government, to practice high ethical standards in their personal conduct and in fulfilling their duties with determination and accountability in uplifting the lives of Filipinos.

2000 at a Glance

- Norberto C. Nazareno was appointed PDIC President and Chief Executive Officer effective April 1, replacing Ernest Leung whose six-year term ended on March 31.
- Claims settlement operations in Urban Bank started 2 1/2 working days after its closure on April 26.
- General Banking Law 2000 was enacted in May, repealing PDIC's power to conduct independent examination of banks.
- PDIC turned over P2.6 billion to the Bureau of Treasury and the Central Bank-Board of Liquidators in July, representing liquidation proceeds from Philippine Investment Systems Organization Development Bank (PISO Bank) and Pacific Banking Corporation (PaBC).
- 13 bank fraud cases were filed with the Department of Justice against former directors, officers, and employees of five (5) closed banks.
- PDIC declared P2.0 billion as dividends to the National Government to help reduce the fiscal deficit. P1.0 billion was remitted to the Bureau of Treasury in August representing advanced dividends for the year.
- PDIC participated in four international meetings of the Financial Stability Forum Working Group on Deposit Insurance being one of the 12 member countries. The Working Group was organized to provide guidance to countries intending to establish a deposit insurance system, or to enhance existing ones.

	As of year		Increase / (Decrease)	
	2000	1999	Nominal	%
	(in million pesos)			
Total Assets	50,734	25,284	25,450	100.7
Total Liabilities	23,538	1,871	21,667	1,158.0
Total Insurance Reserves	27,195	23,412	3,783	16.2
Permanent Insurance Fund	3,000	3,000	-	-
Estimated Insurance Losses	23,893	20,110	3,783	18.8
Retained Earnings	302	302	-	-
Insured Deposit Claims Paid				
Accounts	1,373,379	1,267,954	105,425	8.3
Amount	10,922	7,783	3,139	40.3
Recoveries from Subrogated Claims Filed	1,131	1,060	71	6.7
Net Income (For the year indicated)	2,000	54	1,946	3,599.2
PDIC Member Banks	939	971	(32)	(3.3)
Rural Banks	782	800	(18)	(2.3)
Thrift Banks	112	119	(7)	(5.9)
Commercial Banks	45	52	(7)	(13.5)
Closed Banks under PDIC R & L				
Receivership	12	28	(16)	(57.1)
Liquidation	376	336	40	11.9



PHILIPPINE DEPOSIT INSURANCE CORPORATION

NORBERTO C. NAZARENO
President and Chief Executive Officer

June 22, 2001

HER EXCELLENCY
PRESIDENT GLORIA MACAPAGAL-ARROYO
Malacañang Palace, Manila

Through: **Honorable JOSE ISIDRO N. CAMACHO**
Secretary, Department of Finance and
Chairman, PDIC Board of Directors

Dear Madame President:

In commemoration of our 38th anniversary today, I am pleased to submit the Annual Report of the Philippine Deposit Insurance Corporation for the year 2000. The Report features the accomplishments of the Corporation while it gives recognition to the dedication and hard work of PDIC employees in pursuing its mandate to protect depositors and help maintain stability of the Philippine banking system.

The Board of Directors, together with the management and staff, extend our congratulations to the new administration and pledge our unwavering support in facing the challenges of rebuilding the nation.

Very truly yours,



PHILIPPINE DEPOSIT INSURANCE CORPORATION

NORBERTO C. NAZARENO
President and Chief Executive Officer

June 22, 2001

Honorable AQUILINO PIMENTEL
President of the Philippine Senate

Honorable FELICIANO BELMONTE
Speaker of the Philippine House of Representatives

Through: **Honorable JOSE ISIDRO N. CAMACHO**
Secretary, Department of Finance and
Chairman, PDIC Board of Directors

Gentlemen:

I have the honor to submit the 2000 Annual Report of the Philippine Deposit Insurance Corporation, pursuant to Section 15 of Republic Act 3591, As Amended.

The Board of Directors, together with the management and staff, extend our congratulations to the new leadership in both houses and we look forward to fostering harmonious working relations toward greater protection of depositors.

Very truly yours,

PDIC

Operationally responsive to the needs of the depositing public and the banking community;

Professionally managed, financially strong, adequately manned and equipped, toward the enhancement of sound banking and savings mobilization for national development.

The PDIC employee, an epitome of exemplary public service.

PDIC aims...

As **INSURER**, to provide adequate depositor protection and education and ensure immediate processing and settlement of depositor claims;

As **REGULATOR**, to conduct diligent monitoring and examination of member banks and implement prompt, decisive and prudent interventions; and

As **RECEIVER**, to implement efficient receivership, judicious rehabilitation, and expeditious liquidation of closed banks.

PDIC believes that...

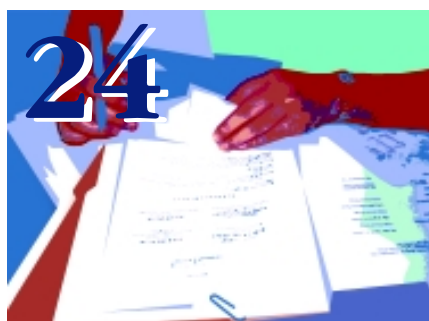
Integrity, professionalism, resourcefulness, perseverance, teamwork and developmental spirit are essential in accomplishing its missions;

Improvement of service delivery is a continuing commitment; and

People are its most important resource.

PHILIPPINE DEPOSIT INSURANCE CORPORATION

2000 Annual Report



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President's Report

The Philippine Deposit Insurance Corporation (PDIC) faced awesome challenges in helping promote stability in the banking industry and in safeguarding depositors' interests in the year 2000. The political and economic situation adversely affected business performance. Banks experienced great stress while a number were closed when the industry underwent more adjustments, as hard times persisted. Nevertheless, PDIC responded to the circumstances and delivered critical services that provided relief to thousands of depositors and creditors of Philippine banks.

As insurer of deposits, PDIC guarantees deposits up to a maximum of P100,000 per depositor. As of yearend, the number of deposit accounts totaled 24.5 million, where 92.0 percent or 22.6 million accounts have balances within the maximum cover. Estimated total insured deposits amounted to P383.3 billion, accounting for 18.5 percent of total deposits, with almost half or P187.7 billion estimated to be fully insured.

For insurance protection to be effective in sustaining depositor confidence in banks, payment of insured deposit claims must be made as soon as a bank is closed. However, the poor condition of bank records makes it difficult for PDIC to determine the legitimacy and accuracy of deposit claims, ultimately hampering immediate settlement of claims. Nevertheless, PDIC has continually streamlined its claims processes and procedures. Documentary requirements and forms for claiming deposits were further simplified. Supporting documents were required only if discrepancies existed between documents presented by depositor-

claimants and bank records. Also, a computerized claims processing system that eliminates the manual recording of claims received, processed and approved was pilot-tested during the year.

Payment of insured deposit claims started in 16 of the 24 banks closed during the year. As of yearend 2000, a total of P2.2 billion involving 53,869 accounts was paid, representing 78.4 and 39.0 percent of estimated insured deposit amount and accounts, respectively, in the 16 banks. For banks closed prior to 2000, PDIC paid a total of P938.4 million involving 51,550 accounts. Since PDIC started paying insured deposit claims in 1970, total claims paid as of yearend amounted to P10.9 billion involving 1.4 million accounts in 384 closed banks, posting an increase over payments as of the previous year at P7.8 billion, involving 1.3 million accounts in 353 closed banks.

As bank regulator, PDIC complements the examinations of the Bangko Sentral ng Pilipinas (BSP) by conducting on-site examinations to immediately detect and resolve emerging

problems of banks. For the first five months, PDIC conducted examinations on 13 banks until its power to conduct independent examinations was repealed by the passage of the new General Banking Law in May. Examinations of PDIC were later confined to five banks granted financial assistance and those with pending requests for reinstatement of insured status.

However, off-site monitoring of banks continues and is being enhanced through the proposed establishment of comprehensive data and information-sharing scheme with BSP. The scheme is designed to allow for sharing of relevant bank-related reports and information generated and maintained by BSP and PDIC. The proposal also requires conduct of regular meetings between the two agencies to discuss and resolve issues concerning problem banks and other developments affecting some banks and/or industry stability. A Memorandum of Agreement for this scheme is being prepared for the approval of the PDIC Board as well as the Monetary Board.

PDIC also grants financial assistance to distressed banks if continued operation of the bank is deemed important in safeguarding depositors' confidence in the banking industry and in maintaining adequate banking services to a community. During the year, financial assistance amounting to P27.0 billion, under loan agreements with the BSP, was granted to four banks. As of yearend 2000, outstanding financial assistance aggregated P27.8 billion involving six banks, which include two banks granted assistance in 1999.

As receiver and liquidator of closed banks, PDIC provides a mechanism through which assets of closed banks can be effectively managed, recovered and channeled back into

the economy. During the year, 24 banks consisting of one commercial bank, four thrift banks, and 19 rural banks were ordered closed and placed under PDIC receivership. The combined assets of these banks as of respective closure dates closely amounted to P20.6 billion. By yearend 2000, 12 of these banks were placed under PDIC liquidation and reported as such to the Monetary Board.

Closed banks under PDIC receivership and liquidation reached 388 as of yearend 2000. Estimated realizable value of assets and liabilities of these banks amounted to more than P33.7 billion and P42.6 billion, respectively. During the year, proceeds from asset recovery from peso-denominated assets of the closed banks aggregated P828.6 million and US\$1.4 million for dollar-denominated assets. Loan collection accounted for the bulk of recoveries while the rest came from asset disposal and rental.

The PDIC Board approved the plans for partial distribution of assets of 46 closed banks and distribution of surplus dividends of two closed banks to their respective creditors. Four of the 46 partial distribution plans were submitted to and approved by their respective liquidation courts for distribution. Out of P3.1 billion worth of assets approved for distribution, 90.6 percent was distributed to the banks' creditors during the year.

To assure the public of its capacity to protect depositors, PDIC beefed up its insurance reserves by 16.2 percent from P23.4 billion in 1999 to P27.2 billion in 2000. The insurance reserves at this level covered 7.1 percent of total insured deposits, compared to 6.7 percent in 1999.

To enhance its supervisory and enforcement powers, PDIC is pursuing congressional approval

President's Report

for its proposed amendments to its Charter. The salient features of the legislative proposal include the reinstatement of PDIC's power to conduct bank examinations, increasing the maximum deposit insurance cover from the existing P100,000 to P200,000 without corresponding increase in assessments being levied on member banks, legal protection of PDIC employees from cases filed against them arising from the

To help reduce the country's widening fiscal deficit, the Corporation declared almost 100.0 percent of its net income in 2000 amounting to P2.0 billion as dividends to the National Government.

performance of official duties, and augmentation of legal authority to resolve insolvent banks. PDIC will actively push for the passage of proposed amendments to its Charter when the next Congress convenes in 2001.

To prepare the organization for greater responsibilities,

PDIC continuously upgrades employees' knowledge and skills to improve job effectiveness and productivity. Priority has been given to the promotion of values in each and every employee of the Corporation to make them well-rounded individuals. A total of 1,189 participants underwent formal training consisting of local and foreign seminars funded by PDIC and international agencies. These seminars afforded PDIC the opportunity to establish close linkages and interactions with foreign peer institutions and learn international best practices in deposit

insurance, bank supervision and receivership and liquidation.

To help reduce the country's widening fiscal deficit, the Corporation declared almost 100.0 percent of its net income in 2000 amounting to P2.0 billion as dividends to the National Government. The amount of P1.0 billion was remitted as advanced dividend in August. A substantial part of the remaining P1.0 billion was remitted in March 2001 for completion in July 2001. Dividends remitted were sourced from income from investments and not from assessment income.

While PDIC has a key role in maintaining stability in the banking system, other agents and institutions play equally important roles as well. The Corporation shall thus work closely with the BSP and the country's economic managers and policy makers to create an environment that is conducive to a strong banking system and the promotion of depositors' interests. PDIC shall also seek the support of banking industry associations for cooperation and commitment to safe and sound banking practices for the welfare of creditors particularly the depositors. Finally, the Corporation shall continuously reach out to depositors by rendering quality service and equipping them with basic information to sustain their confidence in the banking system.



NORBERTO C. NAZARENO
President and Chief Executive Officer



Rationale for Deposit Insurance

Deposit insurance is a scheme guaranteeing the value of a saver's deposit in the event of bank failure. Many governments established formal systems of deposit insurance after experiencing a bank crisis in order to foster depositor confidence. Since depositors often cannot distinguish good banks from bad banks, even a soundly managed bank may lose depositor confidence if a nearby or related bank is closed. With deposit insurance, the negative effect of bank closure on depositor confidence is mitigated as depositors are assured that their money can be returned at the soonest possible time should the bank close.

If appropriately designed and effectively managed, deposit insurance promotes economic growth as it contributes to resolution of bank failures and consequently, stabilization of the financial system. As part of risk management, the deposit insurance agency should be able to effectively monitor the financial condition of banks to help enforce safety and soundness among banks. However, when banks are distressed, the deposit insurance agency may resort to various means of assistance to avert closure particularly if the financial services of the banks are essential to the community or their closure could trigger systemic failures. Should closure become inevitable, the deposit insurer aims to promptly pay insured claims of depositors of the closed banks.

Deposit insurance is crucial in developing countries like the Philippines where financial market is thin and banks remain the major providers of financial services. The Philippines was the fifth country in the world that set up an explicit deposit insurance scheme following a series of bank failures in the 1960s. PDIC, a government financial institution, was established in 1963 to provide insurance on all types of deposits in banks up to a maximum coverage per depositor per

bank. It has an authorized capital from the national government of P3.0 billion and is able to collect assessments from member banks.

The establishment of deposit insurance scheme in the Philippines is intended for the protection of small depositors. This is premised on the small depositors' severe limitations in knowing the conditions of their banks, thus, are unable to protect themselves against bank failures.

For almost 38 years, the Philippine deposit insurance system has brought relief to more than a million depositors of closed banks. Through financial assistance and interventions, some closures were prevented. A number of banks were insulated from potentially contagious runs and panics. Unscrupulous bankers were charged for violations of banking laws, rules and regulations. However, some features of the Philippine deposit insurance system need to be enhanced for greater efficiency and responsiveness to the needs of insured depositors and demands for greater stability. Hence, PDIC continues to seek means of being able to more accurately identify problems and risks for effective management through prompt interventions and failure resolutions.



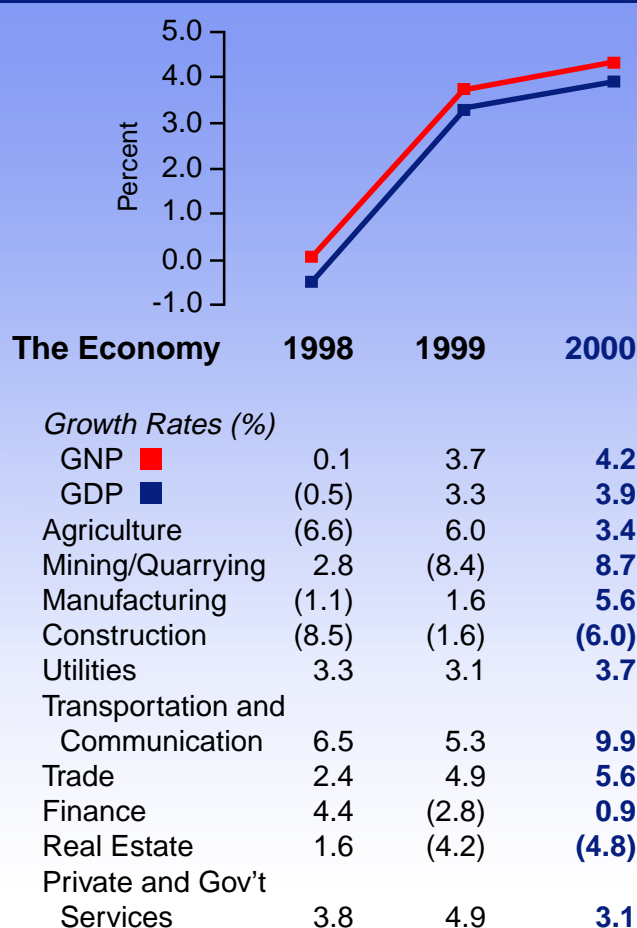
Overview of the Banking Environment

The Philippine economy as measured by the gross domestic product (GDP) managed to grow by 3.9 percent in 2000, from 3.3 percent in 1999, despite uncertainties brought about by a political crisis. Output growth was driven by the better performances of the mining/quarrying, manufacturing, trade, utilities and transportation and communication sectors that more than compensated for the slowdown in agriculture and contraction in the construction sector. The domestic expansion was supported by strong private consumption given lower average inflation and higher per capita incomes. There was also strong demand from abroad for local merchandise buoyed by growth of major trade partners.

While economic fundamentals improved, business sentiment during the year was generally cautious. The alleged manipulation in stock trading, the internal strife in Mindanao and political instability arising from the impeachment trial against President Estrada eroded investor confidence, dragging down the capital markets and the value of the peso against the US dollar. Monetary authorities instituted tightening measures to arrest the peso's fall by raising interest rates particularly in the last quarter of the year. Pressures against this move mounted, however, as raising interest rates may have further widened the government's budget deficit and threatened the economy's nascent recovery.

The poor business sentiment impinged on the performance of the banking industry. Banks remained circumspect, channeling more funds to government and private bonds and debt instruments and less on loans. Aversion to extend new loans was due to

GNP and GDP Annual Growth Rates, At Constant Prices



Source: National Statistical Coordination Board

Overview of the Banking Environment

increase in share of problem assets to total resources prompting banks to prefer less risky asset holdings like investments. Hence, liquidity position improved but profitability suffered particularly for commercial and thrift banks. Earnings of commercial banks grew, although the increase was largely attributed to sale of acquired properties and lower provisions for losses. Net interest income of commercial banks arising from core business actually declined. Thrift banks recorded negative earnings as overhead costs outweighed net interest income and other operating income. On the other hand, rural banks realized higher incomes driven mainly by wider spread and improved cost efficiency.

During the year, 1 commercial bank, 4 thrift banks and 19 rural banks were closed. Nevertheless, the industry was not significantly affected by the closures since these closed banks comprised less than one percent of the total assets of the banking industry. Generally, the ratio of capital to risk assets among banks has declined but remained above the mandatory standard. The ratio stood at 14.0 percent for commercial banks, 21.6 percent for thrift banks and 18.0 percent for rural banks. Banks have engaged in consolidation and focused on risk reduction to enhance their capacities in withstanding stiff competition and probable shocks in the future.

Commercial Banks	2000	1999	1998
In Billion Pesos			
Assets	2,938.6	2,679.6	2,506.3
Net Loans	1,520.5	1,491.9	1,477.8
Liabilities	2,556.4	2,302.0	2,162.8
Deposits	1,903.5	1,752.0	1,586.1
Capital	382.2	377.5	343.5
Net Income Before Tax	13.4	12.0	23.5
Ratios (%)			
Capital/Risk Assets	14.0	15.4	15.5
Past Due Loans+Items in Litigation/Gross Loans	15.6	12.5	10.4
Gross Problematic Assets/Total Assets	15.1	13.1	9.9
Net Income Before Tax/Average Equity (ROE)	3.5	3.3	7.1
Net Income Before Tax/Average Assets (ROA)	0.5	0.5	0.9
Quick Assets/Total Deposits	32.8	32.0	32.3
No. of PDIC Member Banks	45	52	53
Thrift Banks	2000	1999	1998
In Billion Pesos			
Assets	233.3	215.0	209.9
Net Loans	126.2	119.7	124.2
Liabilities	188.0	172.8	172.5
Deposits	140.3	131.9	131.7
Capital	45.2	42.2	37.4
Net Income Before Tax	(0.8)	1.4	0.4
Ratios (%)			
Capital/Risk Assets	21.6	22.0	20.5
Past Due Loans+Items in Litigation/Gross Loans	12.0	15.6	16.1
Gross Problematic Assets/Total Assets	16.7	18.4	16.7
Net Income Before Tax/Average Equity (ROE)	(1.8)	3.5	1.2
Net Income Before Tax/Average Assets (ROA)	(0.3)	0.7	0.2
Quick Assets/Total Deposits	34.4	31.2	30.4
No. of PDIC Member Banks	112	119	117
Rural Banks	2000	1999	1998
In Billion Pesos			
Assets	65.0	60.0	59.7
Net Loans	40.0	39.7	41.2
Liabilities	54.3	50.2	50.7
Deposits	41.3	35.6	37.2
Capital	10.7	9.7	8.9
Net Income Before Tax	1.1	0.8	0.7
Ratios (%)			
Capital/Risk Assets	18.0	18.0	16.6
Past Due Loans+Items in Litigation/Gross Loans	18.4	19.9	19.2
Gross Problematic Assets/Total Assets	21.9	n.a.	n.a.
Net Income Before Tax/Average Equity (ROE)	10.5	8.0	7.5
Net Income Before Tax/Average Assets (ROA)	1.7	1.3	1.1
Quick Assets/Total Deposits	32.5	30.4	27.3
No. of PDIC Member Banks	782	800	820

Notes:

In computing ratio of Capital to Risk Assets, Capital is net of Appraisal Increment Reserves and Deferred Income Tax.

Gross Problematic Assets consist of Past Due Loans, Items in Litigation, Real and Other Properties Owned or Acquired (ROPOA), and Restructured Current Loans.

n.a. - data not available



In the Service of Depositors

PDIC recognizes the worth of hard-earned money depositors put in banks. To assist depositors and cater to their needs, the Depositors Assistance Bureau (DAB) was created in 1993, PDIC's quick-response action desk for complaints, queries and requests from the public regarding deposit accounts in operating banks and insured deposit claims in closed banks. Majority of the complaints concerning operating banks is about unserviced withdrawals. Other cases reported include, among others, automated tellering machine (ATM)-related problems (captured cards, undispensed cash) and unauthorized transactions (unauthorized debits). Cases concerning closed banks usually involve follow-up of claims and queries regarding claims settlement processes.

Upon receipt of a complaint, request or query, an acknowledgment letter is sent to the client within 24 hours informing him of the action taken by the DAB on his request. The Bureau then refers the problem to the concerned center/s of the Corporation, banks or another agency for resolution. Follow-throughs are made by the DAB until case is resolved. The resolution of a case is defined as shedding light on the issue by providing the facts and merits with the result not necessarily in favor of the complainant.

When a bank starts to experience difficulties and begins to stop servicing withdrawals, the depositors are always at the losing end. They lose access to their savings entrusted to the bank for safekeeping. Stories of human drama depict the gravity of the risk depositors take when making a choice on where to deposit their money. Here are two of those stories.

Ms. Melodina R. Lim is 57 years old, a widow

and a breast cancer patient. All that was left when her husband died was their house and lot, the only treasures acquired during their married life. When she became afflicted with breast cancer, she sold the house and lot to finance her medication. With all her faith in the banking system, she put all her money including the proceeds of the sale of her house and lot in Prime Savings Bank, Inc. (PSBI), Zamboanga.

Like other depositors, Ms. Lim was issued a Manager's Check (MC) instead of cash when she withdrew her deposit. Unfortunately, when PSBI declared a bank holiday in June 1999, MCs issued by the bank were no longer accepted for encashment.

Six months later, on January 7, 2000, the bank was ordered closed by the Monetary Board. With the closure of the bank, Ms. Lim entirely lost access to her deposits - "Now everything that I have save (sic) is gone. I have no house, no lot and no money to continue my medication."

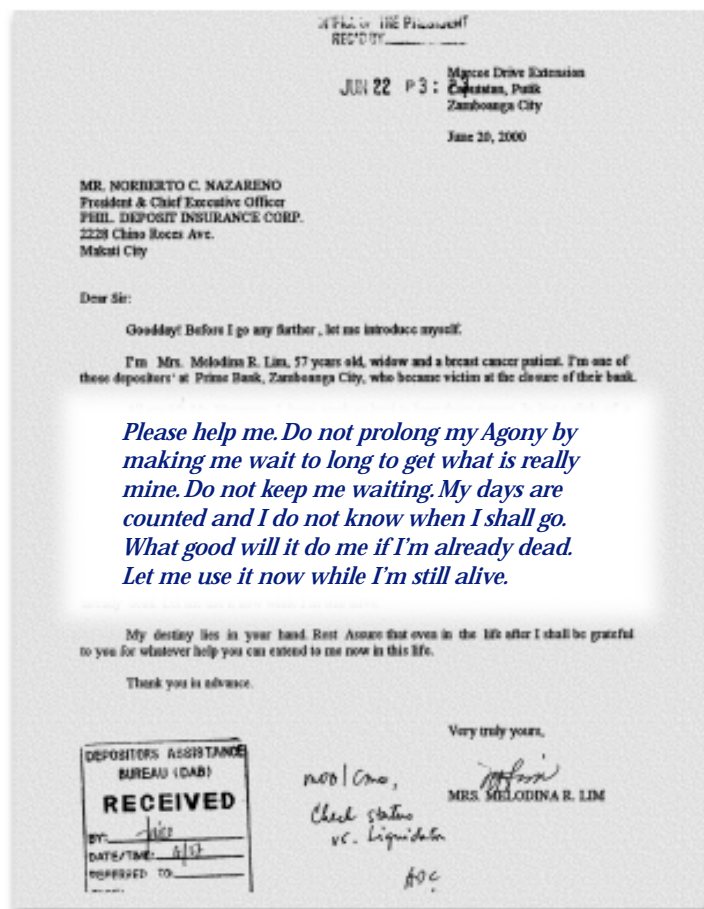
Ms. Lim sought help from the PDIC personnel who came to Zamboanga. She learned that her deposit could not be paid at that time because it was converted to MC which does not form part of the total deposit liabilities of the bank from which PDIC

deposit in PSBI. She wrote, “My days are counted and I do not know when I shall go. What good will it do me if I’m already dead. Let me use it now while I’m still alive.” The letter of Ms. Lim was received by DAB on June 27, 2000. An acknowledgment letter dated June 28, 2000 was sent to Ms. Lim informing her that the PDIC Board of Directors just approved the day before the reversion of all MCs emanating from deposits to deposit liabilities. As such, PDIC was in the process of preparing supplemental registers to facilitate the processing of MC-related claims.

With this development, Ms. Lim was advised to file claim for her deposit. On October 2, she received P100,000 of her P230,000 total deposit.

Ms. Rosalina V. Severino, a depositor of the Rural Bank of Urbiztondo, was not as fortunate. Despite several attempts to withdraw her money from the Rural Bank of Urbiztondo since early 1999, the bank refused to service her withdrawals without explaining why.

On August 25, 2000, DAB received a letter from Ms. Lirio S. Quilala, daughter of Ms. Severino, addressed to the PDIC President. She narrated the difficulties encountered by her mother in her bid to withdraw her money from the Rural Bank of Urbiztondo. According to Ms. Quilala, the refusal of the bank to service the deposit withdrawals of her mother “shattered my mother’s sense of security and faith in the banking system”. It had disturbed and worried her so much that her health condition steadily deteriorated in a few month’s time. Ms. Severino was brought to Manila for treatment and was confined at the hospital. She passed away 35 days after confinement, unable



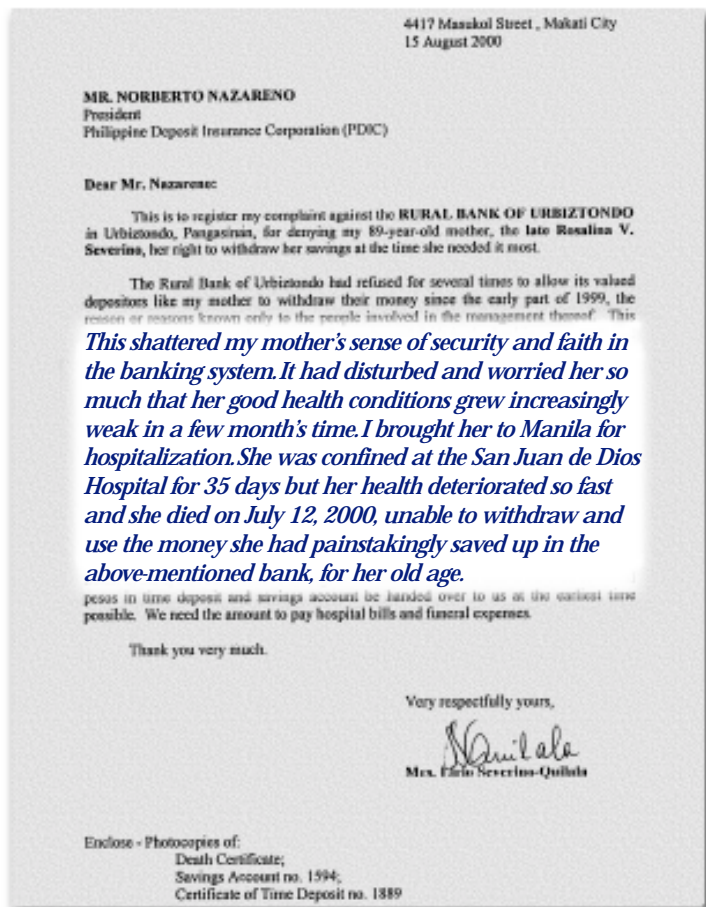
determines the insured deposits to be paid. She was advised to wait for a directive from the PDIC Board of Directors, which will issue a resolution adopted from the case of Orient Commercial Banking Corporation and Banco Filipino reverting MCs/Cashier’s Checks emanating from deposits to deposit liabilities.

In her letter to the PDIC President, Ms. Lim implored him to expedite the payment of her

In the Service of Depositors

to withdraw her money in the bank. Ms. Quilala requested that her mother's deposit be handed over to the family at the earliest possible time to enable them to pay hospital bills and funeral expenses.

On the same day the letter was received,



DAB replied informing her that the Rural Bank of Urbiztondo was still an operating bank and should be able to service depositors' withdrawals. She was also informed that the matter was referred to the BSP for appropriate action, and that she would be notified of PDIC's plan of action as soon as relevant information became available. Another letter was also sent to the President of Rural Bank of Urbiztondo

requesting the Board of Directors of the bank to immediately serve Ms. Quilala's withdrawal of her mother's deposit should there be no legal impediments.

A reply from the BSP was received on September 28 informing PDIC that there was an on-going examination of the bank, the result of which would provide BSP basis for supervisory action against the bank if warranted. No reply was received from the Rural Bank of Urbiztondo, and on October 4, PDIC's letter to the Rural Bank of Urbiztondo was returned, with a note from the Municipal Post Office that the bank was closed.

The Rural Bank of Urbiztondo was officially closed by the Monetary Board on November 20. DAB immediately sent a letter to Ms. Quilala dated November 21 informing her that the bank was officially closed and was advised to file claim for her mother's deposit. The heirs of Ms. Severino are still in the process of fulfilling documentary requirements to claim the insured portion (P100,000) of their mother's deposit of P 119,810.99.



Hastening Claims Servicing

Urban Bank was ordered closed by the Monetary Board and placed under PDIC receivership on April 26, 2000. On this same day, PDIC simultaneously took over Urban Bank's 25 banking offices, i.e., 18 in Metro Manila and seven in the provinces of Benguet, Cebu, Negros Occidental, Iloilo, Davao and South Cotabato.

The Bank started operations in 1980 as a thrift bank. It became a commercial bank in 1991, upgraded to a universal bank in 1994, but was downgraded to a commercial bank status in 1998. At the time of closure, the Bank had total deposits of P8.6 billion involving 13,849 accounts. Upon consolidation, insured deposits amounted to P430.2 million or about 5.0 percent of total deposits, involving 12,903 deposit accounts. Of the total deposit accounts, 75.3 percent represents those with deposits equal or below the P100,000 maximum insurance cover.

The PDIC takeover team in the Head Office included information technology staff who took charge of backing up the computerized deposit files of the bank. To maintain public confidence in the Philippine banking system and to calm jittery depositors of both Urban and other operating banks affected by Urban Bank's closure, PDIC devised strategies to accelerate claims settlement operations (CSO) in the bank. It usually takes PDIC 30 days after bank closure to start CSO in a bank with good quality of deposit and loan records, and 90 days for those with problematic records. In this

particular case, the good condition of the Bank's computerized records, which were centralized in the Head Office, was the main factor in PDIC's decision to forego a rigid examination of the deposit records of the bank.

The initial phase of the CSO was conducted on May 2, two and a half banking days after Urban Bank's closure. Initially, savings and current account (SA/CA) holders with outstanding deposit balance not exceeding P5,000 were paid in full; while those exceeding P5,000 were paid 25.0 percent of the amount of insured deposit, but in no case did the payment exceed P25,000. This was to safeguard against overpayment pending consolidation of all types of deposit accounts maintained in the same right and same capacity.

As in claims settlement operations for other closed banks, insured deposit balances not exceeding P1,000 were paid in cash. However, for claims for deposits in Urban Bank Metro Manila branches which were in excess of P1,000, pre-printed Urban Bank's manager's checks (UBMC) were used but were properly marked as having been issued by PDIC. Special arrangements were made with the Philippine

Clearing House Corporation (PCHC) for the PDIC-issued UBMCs to be accepted by its member banks for clearing. The PDIC-issued UBMCs which were cleared through the PCHC were debited to PDIC's demand deposit with the BSP. To ensure that only valid checks are charged against PDIC's account with BSP, PDIC assigned representatives to review UBMCs received by PCHC. On the other hand, an arrangement with branches of the Land Bank of the Philippines was made to service claims of depositors in the provincial branches of Urban Bank.

To facilitate filing of claims, documentary requirements from depositors were simplified for as long as the validity of the claims can be traced to bank records on file.

Total payments made in the first two weeks (May 2 to May 12) of the initial CSO amounted to P38.5 million for 4,182 accounts, 52.7 percent and 41.2 percent, respectively, of P73.0 million involving 10,141 accounts that were expected to be paid during this phase.

Time deposit balances were updated for interest accruing to April 25, after which data on all types of deposits were merged, i.e., CA/SA balances, time deposits and dollar deposits; names of depositors and borrowers/obligors were matched; and registers generated. Based on these registers, the additional insured deposits payable during the final phase of claims settlement operations was estimated at P357.0 million. The final phase of the CSO started on May 15.

As of yearend 2000, total payments in Urban Bank reached P321.1 million involving 9,278 accounts. Claims aggregating P3.9 million involving 97 accounts remain unpaid as these

claims are subject to further verification or required documents to perfect the claim have yet to be submitted. On the other hand, payment for a claim already approved amounting to P0.09 million is yet to be claimed by the depositor. Depositors who have yet to file their claims with PDIC are given until October 18, 2001, which is the end of the prescriptive period of 18 months from date of closure as provided under the PDIC Charter. Beyond this date, PDIC will no longer accept claims applications from Urban Bank depositors without prejudice to the rights of the claimants against the closed bank and its shareholders or the receivership estate.

The Urban Bank case is an example of how PDIC successfully explored and implemented other more efficient ways of undertaking speedy settlement operations, given the existing limited manpower and legal framework. Pending the passage of the proposed amendments to the PDIC Charter, the Corporation shall continue to streamline and improve existing policies and procedures, with the hope that depositors of banks that will be ordered closed in the future will receive payment of their claims at the earliest possible time with minimum disruption to their lives.



Receivership Beyond Limitations

There were more receivership operations in 2000 with the closure of 24 banks with a total of 152 banking units spread all over the country. While there were problems encountered, receivership activities were generally smooth.

Aside from the heavy workload and limited manpower, other problems (external to PDIC) still haunt the receivership operations. In some instances, problems occurred during takeover as owners who refuse to give up their banks turn to the courts for Temporary Restraining Orders (TROs) to prevent the Corporation from implementing closure orders. Another source of problem is the bank records which are at times in disarray thereby making the inventory of assets and records very difficult, aggravated by the refusal of bank employees to cooperate and assist PDIC personnel.

As receivership operations are prolonged due to these problems, the ultimate victims are the depositors. They suffer more since they are continuously denied access to their savings aside from facing uncertainty on when they can claim payment of their insured deposits.

The Batangas Experience

The takeover of two rural banks in Batangas, both owned by an influential family in the province, was resisted by the owner.



PDIC SVP for CRL and personnel meeting with RB Tuy Owner

By virtue of TROs issued by the court, PDIC personnel were barred from effecting the closure orders of both banks. The TROs were issued on the ground that the closures of the said banks were politically motivated and orchestrated by people who wanted to damage his family's reputation.

Another attempt to take over the banks as the TROs lapsed again failed as the owner stood firm in not giving up the banks. PDIC was constrained from effecting a forcible takeover since this would put PDIC personnel in danger. With the subsequent issuance of an injunction by the court, efforts to take over the banks had to be held in abeyance.

Urban Exposure

A highlight in receivership operations in 2000 was the closure on April 26 of Urban Bank, Inc. (UBI), a regular commercial bank, after it declared a bank holiday. The closure heavily strained PDIC's limited manpower resources as takeover teams were deployed simultaneously in the bank's Head Office in Makati City and in all of its 25 branches, seven of which are in the provinces.

While there was no resistance to the takeover, PDIC teams encountered problems in carrying out the receivership operations because the bank as well as its affiliate UrbanCorp Investments, Inc. had a communal recording of transactions. This was aggravated by the lack of cooperation of UBI employees.

Meetings between PDIC and the bank management and employees in all branches were undertaken to explain the condition of the bank being under PDIC receivership and the activities being done by the takeover teams. Ensuing activities proceeded as planned as well as the payment of claims for insured deposits which started at a record of

two days and a half after the bank's closure.

As prescribed by its Charter, PDIC as receiver should determine within 90 days from takeover of the bank whether it may be rehabilitated. In the first week of July, PDIC recommended to the Monetary Board the approval of the rehabilitation proposal submitted by the Bank of Commerce (BoC) over the proposals of other proponents interested in the reopening of Urban Bank and its affiliate, UrbanCorp Investments, Inc. BoC's rehabilitation proposal was deemed most advantageous to the Bank's depositors, creditors and shareholders. Road shows were conducted for the rest of the year by the BoC to present the rehabilitation plan to Urban Bank's depositors and creditors and secure their approval to the terms and conditions in the rehabilitation plan.¹

¹ PDIC accepted the rehabilitation proposal jointly prepared by the National Association of Urban Bank, Inc./UrbanCorp Investments, Inc. Depositors & Creditors and the Export and Industry Bank in April 2001 following the withdrawal of the Bank of Commerce of its proposal to rehabilitate Urban Bank in February 2001. BoC cited legal issues regarding the closure of Urban Bank as the reason for its decision to withdraw.



Progress in Liquidation

The Cases of PaBC and PISO Bank

The approval of the plans for partial distribution of assets by the respective liquidation courts of the closed Pacific Banking Corporation (PaBC) and the Philippine Investment Systems Organization Development Bank (PISO Bank) was a milestone for PDIC bank liquidation operations. After more than ten years of relentless efforts, PDIC paid a total of P2.9 billion to various claimants including the national government, creditors, bank employees, and depositors whose deposits are beyond the maximum insurance cover.

The Pacific Banking Corporation (PaBC)

During the worst financial crisis in the country in the 1980s, PaBC was one among three commercial banks that failed. The Bank was ordered closed by the Monetary Board on July 5, 1985, and was taken over by the then Central Bank of the Philippines (CB) on July 6, 1985.

A milestone in the liquidation of PaBC was the Purchase Agreement entered into among the PaBC (through its liquidator), the Far East Bank and Trust Company (FEBTC), and the CB on October 28, 1986. In said agreement, FEBTC purchased PaBC assets worth P655.9 million, while assuming P651.4 million of deposit liabilities plus cash payment representing the difference between the value of the assets acquired and the deposit liabilities assumed. With the arrangement, FEBTC took on the task of servicing PaBC depositors who were given the option of claiming their deposits in PaBC at FEBTC or converting their PaBC accounts to FEBTC deposits. The agreement was deemed advantageous to PaBC depositors who were

spared from the long wait for PaBC assets to be liquidated before they can claim the uninsured portion of their deposits. Also, FEBTC paid PaBC P260.0 million as premium for the right to use and operate PaBC's 11 branch offices. The amount was deposited in a Special Fund created by the Monetary Board where the proceeds of the sale of franchises of banks were kept.

The Monetary Board ordered the transfer of liquidation management of PaBC to PDIC on August 19, 1991. Turned over to PDIC's administration were PaBC assets worth P2.5 billion. Of the 1,228 preferred claims already approved for payment, only claims by PaBC employees remained unsettled while still under CB liquidation. Ordinary claims awaiting payment numbered 338 amounting to P2.9 billion. This includes 20.0 percent of the ordinary claims already approved by the liquidation court which are still to be settled.

Upon assumption of liquidation function, PDIC personnel encountered problems, despite the fact that PaBC has been under liquidation

for the past six years. PDIC personnel assigned in the bank's head office premises were met by protesting PaBC retained employees. For fear of further retrenchment among their ranks, the retained employees sought from courts a ten-day TRO against the PDIC. It took several negotiations before the case with retained employees was settled and normal liquidation proceedings resumed.

In nine years that PaBC was under PDIC liquidation, PaBC claimants received full payment of the bank's principal obligations totaling P3.2 billion, with P3.1 billion going to the government, P69.4 million to bank employees and P31.5 million to other creditors. The existence of surplus funds also ensured proportionate payment of interest on their claims.

As of yearend 2000, PaBC's estimated realizable value of assets reached P2.2 billion mainly due to the appreciation of the value of the bank's real properties, mostly located in prime areas. Liquid assets amounted to P1.6 billion attributed to the increase in loan recoveries.

The PaBC liquidation, however, is not yet fully over. The bank still has P530.2 million of assets for cash conversion and distribution to claimants. Included in the said assets are loans for collection worth P65.2 million.

Philippine Investment Systems Organization Development Bank (PISO Bank)

As early as March 1984, the bank's attention was already called regarding its intermittent overdrawings with the CB and deteriorating liquidity position.

Despite the effort of PISO Bank management to save the ailing bank, the bank's negative capital worsened in 1986. By January 1987, unserviced deposit withdrawals reached its peak at around P18 million. Without any viable and acceptable rehabilitation program coming from PISO bank management, the Monetary Board decided that there was no other recourse but to order the closure of the bank. On February 3, 1987, the bank was closed and subsequently placed under receivership of CB.

The bank's liquidation was ordered on May 22, 1987. Unlike PaBC's case, there were neither special agreements nor controversial issues in the liquidation of PISO Bank. Much of the recoveries came from the collection of loans amounting to P511.9 million. CB liquidation activities resulted in a total income of P297.0 million with net recovery of P231.2 million.

On June 29, 1990, three years after the bank's closure, the management of the assets, records and affairs of PISO Bank was transferred to PDIC by virtue of MB Resolution No. 636, designating the President of PDIC as liquidator of the bank. Since PISO Bank was the first closed non-rural bank placed under PDIC's administration, the latter was given one month to prepare for the actual turnover.

From 1990 to 2000, liquidation operations on PISO Bank resulted in the disposal of P123.8

million worth of assets and loan collection of P104.7 million inclusive of interest and other charges. After deducting operating and administrative expenses, net recoveries reached P583.3 million as a result of investment of PISO Bank funds in government securities.

Problems encountered by PDIC personnel were mostly confined to loan-collection activities due to difficulties in collecting from delinquent borrowers and in the settlement of obligations to the national government. Deficiency taxes covering the period 1981-1988 in the amount of P541.5 million were settled on October 29, 1993 for P100.1 million. Again on February 26, 1998, capital gains tax of P0.8 million on the sale of holdings of shares of stock of All Asia Pacific Corporation were compromised for P0.6 million.

The liquidation court approved the bank's plan for partial distribution of its assets on June 13, 2000. Total assets approved for distribution amounted to P1.23 billion. Of the total amount approved, P1.15 billion represented claims of the Bureau of Treasury, BSP, and the CB-BOL settled through assignment of treasury notes. Payment to various depositors with deposits beyond the maximum insurance coverage set at P40,000 at that time totaled P3.8 million. PDIC received payment for its claims of P58.4 million representing subrogated claims and receivership and liquidation expenses. The remaining claims belonged to an investor, bank employees and other creditors.

The BSP and the CB-BOL conditionally accepted the settlement of their claims due to differences in the foreign exchange rate used in converting the dollar denominated obligation of PISO bank. Both agencies used the current

exchange rate at the time of settlement of the claim while PISO used the prevailing rate at the time of its closure on February 3, 1987. The claim of Asset Privatization Trust (APT) remained outstanding to date due to unresolved issues regarding PISO Bank's deposits with the Development Bank of the Philippines (DBP), administration of which was transferred to APT.

Outstanding claims against the bank as of yearend 2000 stood at P6.6 million while estimated realizable value of assets totaled P818.7 million. Outstanding collectibles of P74.3 million, which are mostly problematic in nature or under litigation, are currently being reviewed for possible off-setting of receivable against liabilities or eventual write-off.



Our Most Important Resource

Public service excellence lies in the calibre of the Corporation's workforce. Thus, the provision of an environment conducive to improving the quality of its people has been the Corporation's paramount concern.

Skills and Values Enhancement

Taking pride in the professionalism of its employees, PDIC continuously intensifies the upgrading of skills of its personnel. A total of 111 formal training programs/seminars were availed of during the year, benefiting 1,300 participants. These include local training seminars funded under PDIC corporate training funds, as well as foreign and local seminars funded under the technical assistance grants of the Asian Development Bank (ADB), World Bank (WB) and Policy Training and Technical Assistance Facility (PTTAF) of the Canadian International Development Agency. The foreign training seminars afforded PDIC the opportunity to establish close linkages and interactions with foreign peer institutions and learn international best practices in deposit insurance, bank supervision and receivership and liquidation. Nineteen foreign conferences/training

seminars/study visits were funded under the grants, benefiting 31 participants. Specialized local training seminars were also funded under the grants and participated in by 80 PDIC personnel.

Four officers participated in a leadership and management program designed for middle level corporate executives and professionals, with the objective of strengthening their fundamental and management skills, and improving their supervisory and teambuilding proficiencies. Five sessions of a two-day seminar workshop on Objective Setting for Performance



PDIC Management Committee members and Unit Heads during the Values Enhancement Seminar for Executives



Signing of the Collective Negotiation Agreement with then PDIC President Ernest Leung (right) and PHILDICEO President Baldwin Skymite (left)

Partnership of Management and Staff

A significant milestone in 2000 was the strengthening of partnership between management and rank-and-file organization (745 as of yearend 2000) with the signing of a Collective Negotiation Agreement (CNA) in March. The CNA aims to foster industrial peace and sustain harmonious labor-management relations in the Corporation; enhance employees' welfare and productivity; enforce discipline; and contribute to the attainment of responsible public service in general, and the goals of PDIC in particular.

Development and Improvement Culture were also conducted for all officers and supervising rank-and-file personnel in preparation for the implementation of the new performance appraisal system in 2001. At the same time, orientation sessions on the new system were held for all other rank-and-file employees and management committee members.

Aside from training seminars upgrading technical skills, behavioral seminars were also conducted. A Team Building Workshop for all unit heads was conducted simultaneously with the Midyear Assessment Workshop on Corporate Performance. In addition, seven sessions of Values Enhancement Seminar were held, focused on achieving synergy of personal, professional and corporate values.



Corporate Strengthening

To provide greater protection to depositors and further promote confidence and stability in the banking system, as well as to strengthen PDIC's mandate as statutory receiver and liquidator of closed banks, Senate Bill No. 2080 (An Act further amending Republic Act 3591, As Amended, otherwise known as the Charter of the Philippine Deposit Insurance Corporation, and for other purposes) was filed during the year to amend the existing PDIC charter.

The draft bill was sponsored by Senator Raul Roco and was approved on first reading. The salient features of Senate Bill No. 2080 include, among others:

- Increase in deposit insurance coverage from P100,000 to P200,000 without a corresponding increase in assessment rate of 1/5 of 1 percent of total deposits;
 - Provision of rules on handling joint accounts to minimize deposit splitting;
 - Restoration of PDIC's power to conduct examinations of, and to require information and reports from banks, in coordination with the BSP;
 - Authority for PDIC to examine and audit deposit records of insured banks to protect the interests of depositors and the Corporation, with the safeguard that the information obtained through such examination or audit shall not be disclosed or released to any other party except upon court order or, upon approval by the Board of Directors, to the Monetary Board;
 - Enhancement of legal protection to PDIC personnel and extension of legal assistance or underwriting/advancing litigation costs and expenses in cases filed against them arising out of or by reason of the performance of their official functions;
 - Extension of the period to file claim for insured deposits from the current 18 months after bank closure to two years from actual takeover of the closed bank;
 - Extension of the period to enforce the depositor's duly-filed claim from the current one year after the 18-month period to two years after the two-year period for filing claims;
 - Authority to borrow or obtain a loan against a pledge or mortgage of any of the assets of banks under receivership to preserve closed banks' assets or prevent their dissipation;
 - Exemption of PDIC's receivership and liquidation activities from examination by the Commission on Audit (COA); and
 - Specification of the various grounds whereby directors, officers, employees or agents of a bank may be imposed criminal and administrative sanctions for the commission of prohibited acts, and increase in the penalties for violations.
- At the same time, House Bill No. 12384 (in substitute of House Bills Nos. 5429, 6495, 6724 and 7983) was approved on second reading in December 2000.

PDIC Restructuring

To synchronize efforts in enhancing the delivery of PDIC's mandate, the proposed changes in the organizational structure, aimed toward a leaner organization to focus on leadership, realign functions, achieve better work distribution and professionalize certain areas, were approved for implementation. The initial schematic plan of the proposed restructuring was approved by the PDIC Board in May 2000, with the complete restructuring plan and staffing pattern plantilla for a 3 - to 5 - year time frame approved in November 2000. This was later revised to cover only the staffing requirement of the Corporation for 2001 as approved by the PDIC Board on February 12, 2001.

A major feature of the restructuring plan was the decrease in the number of authorized plantilla items from 1,237 to 1,046 in line with the Corporation's objective of coming up with a leaner organization. This was coupled with an increase in the number of Groups/Departments for better span of control and more focused management.

During the year 2000, management was strengthened with the engagement of two Senior Vice Presidents to lead the legal affairs and the claims, receivership and liquidation sectors, respectively. Two Vice Presidents were also hired for the newly-created groups, i.e., Asset Management and Human Resource Development.

Technical Assistance Grants

PDIC continued the implementation of three foreign-assisted technical assistance grants (TA) funded by the ADB, the WB and the PTTAF of the Canadian International Development Authority. Under the ADB TA which started implementation in July 1998, engagement of consultancy services continued. An international expert on risk management and reserve provisioning from the Canada Deposit Insurance

Corporation (CDIC) conducted consultative discussions focused on CDIC practices in risk analysis of member banks, intervention on failure resolution, estimation of recovery and loss rates, and determination of adequacy of insurance reserves. Under the WB grant, also implemented in mid 1998, a lawyer was engaged to assist in the drafting of the proposed PDIC Charter amendments. A one-week study visit to CDIC for three PDIC officers was funded under the PTTAF TA. Also, PDIC was able to sustain its active participation in various meetings of the Financial Stability Forum Working Group on Deposit Insurance where Philippines is one among 12 country members.

Valuable insights on international best practices on deposit insurance gained through the participation of officers and staff in both local and foreign programs/seminars/study visits/conferences funded under the various grants contributed to the effective design of the on-going enhancements being implemented in the Corporation.

Project activities under the ADB and WB TAs will continue until next year where consultancy services shall be engaged in the management of problem banks, records management, and streamlining of claims, receivership and liquidation processes and procedures, among others. Also, development of skills through participation in training interventions will continue under the various grants. To maximize participation, seminars will be conducted locally with international experts invited as resource persons.



Financial Statements

COMPARATIVE STATEMENTS OF CONDITION

(In Thousand Pesos)

Inc (Dec) 99-00

	2000	1999	1998	Amount	%
ASSETS					
Current Assets					
Cash on Hand and In Banks (Note 2)	357,043	24,646	221,639	332,397	1348.7%
Short Term Investments (Note 3)	1,896,174	696,698	528,322	1,199,476	172.2%
Interest Receivable from Investments	600,954	508,045	444,440	92,909	18.3%
Other Current Assets (Note 4)	406,869	39,464	7,817	367,405	931.0%
Total Current Assets	3,261,040	1,268,853	1,202,218	1,992,187	157.0%
Long Term Investments (Note 5)					
Government Securities - Treasury Bonds (Dollar)	343,754	277,129	208,100	66,625	24.0%
Government Securities - Treasury Notes/ Bonds (Peso)	21,577,502	20,545,974	17,132,991	1,031,528	5.0%
Total Long Term Investments	21,921,256	20,823,103	17,341,091	1,098,153	5.3%
Financial Assistance to Banks (Note 6)	20,471,727	223,117	2,687,034	20,248,610	9075.3%
Due from BSP-Treasury	0	0	1,325,000	0	-
Subrogated Claims Receivable (Note 7)	9,696,018	6,559,074	4,315,936	3,136,944	47.8%
Less:					
Allowance for Losses on Subrogated Claims Receivable	5,163,625	4,440,065	2,305,590	723,560	16.3%
Subrogated Claims Receivable - Assigned	474,434	224,307	329,583	250,127	111.5%
Net Subrogated Claims Receivable	4,057,959	1,894,702	1,680,763	2,163,257	114.2%
Fixed Assets (Note 8)	228,489	230,958	172,050	(2,469)	(1.1%)
Other Assets (Note 9)	793,481	842,897	93,933	(49,416)	(5.9%)
TOTAL ASSETS	50,733,952	25,283,631	24,502,088	25,450,321	100.7%
LIABILITIES, DEPOSIT INSURANCE FUND AND CONTINGENT SURPLUS					
LIABILITIES					
Current Liabilities (Note 10)	1,587,636	280,494	263,208	1,307,142	466.0%
Long Term Liabilities (Note 11)	21,468,200	1,569,600	4,171,000	19,898,600	1267.7%
Other Liabilities (Note 12)	482,513	20,704	14,389	461,809	2230.5%
TOTAL LIABILITIES	23,538,349	1,870,798	4,448,597	21,667,551	1158.2%
DEPOSIT INSURANCE FUND					
Permanent Insurance Fund (Note 13)	3,000,000	3,000,000	3,000,000	0	-
Estimated Insurance Losses (Refer to Note 1)	23,893,071	20,110,315	16,782,414	3,782,756	18.8%
Donated Surplus	507	507	0	0	-
Retained Earnings	301,585	301,563	270,009	22	0.0%
TOTAL DEPOSIT INSURANCE FUND	27,195,163	23,412,385	20,052,423	3,782,778	16.2%
CONTINGENT SURPLUS	440	448	1,068	(8)	(1.8%)
TOTAL LIABILITIES, DEPOSIT INSURANCE FUND AND CONTINGENT SURPLUS					
	50,733,952	25,283,631	24,502,088	25,450,321	100.7%

COMPARATIVE STATEMENTS OF INCOME AND EXPENSE (In Thousand Pesos)

				Inc(Dec) 99-00	
	2000	1999	1998	Amount	%
GROSS ASSESSMENT (Note 14)	3,758,122	3,487,203	3,265,391	270,919	7.8%
Less: EXPENSES					
Provision for Insurance Losses	4,506,541	5,462,376	5,052,509	(955,835)	(17.5%)
Operating Expenses* (Note 15)	1,494,133	1,260,447	461,393	233,686	18.5%
TOTAL EXPENSES	6,000,674	6,722,823	5,513,902	(722,149)	(10.7%)
Excess of Expenses over Assessment	(2,242,552)	(3,235,620)	(2,248,511)	993,068	(30.7%)
INCOME FROM INVESTMENTS (net of tax)					
Treasury Notes/ Bonds (Peso)	2,864,493	2,607,180	1,959,621	257,313	9.9%
Treasury Bills	44,171	22,880	187,479	21,291	93.1%
Treasury Bonds (Dollar)	26,254	26,066	26,904	188	0.7%
Time Deposit	20,486	16,205	15,221	4,281	26.4%
Regular and Special Savings Deposit	3,613	7,475	6,433	(3,862)	(51.7%)
Gain on Sale of Investments	(81)	56,646	3,059	(56,727)	(100.1%)
TOTAL INCOME FROM INVESTMENTS (net of tax)	2,958,936	2,736,451	2,198,717	222,485	8.1%
INCOME FROM FINANCIAL ASSISTANCE	1,031,233	508,870	93,745	522,363	102.7%
GAIN ON SALE OF FIXED ASSETS	0	0	86	0	-
OTHER INCOME (Note 16)	92,678	3,446	2,873	89,232	2589.7%
Net Income (Loss) Before Foreign Currency Revaluation	1,840,295	13,147	46,910	1,827,148	13898.3%
Gain (Loss) in Foreign Currency Revaluation	159,730	40,920	(11,644)	118,810	290.4%
NET INCOME	2,000,025	54,066	35,266	1,945,959	3599.2%

Note: Prior years' presentation was adjusted for comparison.

* Inclusive of cost of bank rehabilitation amounting to P38.23 million in 1998 and P806.60 million in 1999.

Financial Statements

COMPARATIVE STATEMENTS OF CASH FLOWS

(In Thousand Pesos)				Inc(Dec) 99-00	
	2000	1999	1998	Amount	%
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from member banks for assessments	3,753,910	3,483,882	3,263,605	270,028	7.8%
Income from savings deposits	5,169	9,432	7,849	(4,263)	(45.2%)
Collections of interest on financial assistance	702,927	36,683	85,639	666,244	1816.2%
Income from investments	2,983,788	2,769,155	2,472,303	214,633	7.8%
Collections of various receivables	119,758	7,291	5,714	112,467	1542.5%
Collections from subrogated claims	1,441,334	878,686	7	562,648	64.0%
Miscellaneous income	879	1,728	2,119	(849)	(49.1%)
Various inflows	340,774	742	14,012	340,032	45826.4%
Expenses incurred for R/L of closed banks	(7,717)	(4,287)	(6,059)	(3,430)	80.0%
Payments to suppliers	(489,240)	(91,997)	(101,048)	(397,243)	431.8%
Payments to employees	(271,971)	(159,039)	(147,796)	(112,932)	71.0%
Remittances to BIR, HDMF, GSIS, etc.	(22,945)	(41,055)	(31,921)	18,110	(44.1%)
Final taxes and other prepaid expenses	(106,209)	(100,695)	(92,320)	(5,514)	5.5%
Payment of interest on BSP loans	(526,621)	(128,576)	(129,285)	(398,045)	309.6%
Payment of insured deposits	(4,577,180)	(3,121,943)	(1,112,568)	(1,455,237)	46.6%
Various outflows	(131,304)	(211,442)	(201,964)	80,138	(37.9%)
Net Cash Provided by Operating Activities	3,215,352	3,328,564	4,028,286	(113,212)	(3.4%)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from matured investments	6,789,977	7,122,557	3,451,929	(332,580)	(4.7%)
Gain from sale/exchange of investment	(160)	56,645	3,059	(56,805)	(100.3%)
Collection of financial assistance granted to member banks	7,132,822	203,916	457,951	6,928,906	3397.9%
Investment made by BSP FAO PDIC	0	0	(1,325,000)	0	-
Investments	(8,662,962)	(10,760,270)	(7,803,211)	2,097,308	(19.5%)
Financial assistance granted to member banks	(27,000,000)	0	0	(27,000,000)	-
Proceeds from sale of fixed assets	0	0	86	0	-
Capital expenditures	(5,382)	(71,564)	(4,440)	66,182	(92.5%)
Net Cash Provided by Investing Activities	(21,745,706)	(3,448,716)	(5,219,626)	(18,296,990)	530.5%
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings from BSP for financial assistance	19,898,600	0	1,325,000	19,898,600	-
Payment of loans to CB-BOL/BSP	0	(101,400)	0	101,400	(100.0%)
Asian Development Bank grant	0	507	0	(507)	(100.0%)
Payment of dividend to National Government	(1,035,850)	(8,816)	(12,762)	(1,027,034)	11649.7%
Prior Period Adjustment to Retained Earnings	0	0	0	0	-
Net Cash Provided by Financing Activities	18,862,750	(109,709)	1,312,238	18,972,459	(17293.4%)
Effect of Foreign Currency Revaluation	0	32,867	(6,440)	(32,867)	(100.0%)
Net Increase in Cash	332,397	(196,993)	114,458	529,390	(268.7%)
Cash and Cash Equivalents at Beginning of Year	24,646	221,639	107,180	(196,993)	(88.9%)
Cash and Cash Equivalents at End of Year	357,043	24,646	221,639	332,397	1348.7%
Net Increase in Cash	332,397	(196,993)	114,458	529,390	(268.7%)

Notes to Statement of Cash Flows:

a. Prior years' presentation was adjusted for comparison.

b. Cash balance includes all cash on hand and cash in bank balances. Time deposits and special savings deposits are classified as investments.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis for Recording

These financial statements are presented in accordance with the generally accepted accounting principles (GAAP). These statements do not include assets and liabilities of closed banks where the Corporation acts as receiver or liquidator.

b. Assessment

Member banks are assessed a maximum of 1/5 of 1 percent of their total deposit liabilities per annum and collected on a semestral basis. The amount of assessment for the first semester is based on the average of deposit liabilities as of end of March and June, payable by banks not later than July 31 of the same year. For the second semester, the amount of assessment is based on the average of deposit liabilities as of end of September and December, payable not later than January 31 of the succeeding year. Failure or refusal by any member bank to pay any assessment due may lead to the termination of its insured status. Late payment of assessment is likewise subject to interest and penalty.

c. Financial Assistance

The Corporation may grant financial assistance to a member bank in danger of closing if there is a viable rehabilitation plan, strong management and full restoration of capital. The cost to PDIC of such assistance, however, should be less than the cost PDIC expects to incur if the bank were to be closed. Financial assistance may be in the form of loans, purchase of assets, assumption of liabilities or placement of deposits to the recipient bank.

d. Investments

Unutilized funds are invested in treasury bills, notes and bonds (both peso and dollar) and are recorded at cost. Income from these investments is accrued over the term of the instrument. Final taxes paid upon placement are booked as Prepaid Taxes and amortized over the term of the placement.

e. Dollar-Denominated Assets

Dollar-denominated assets are carried at the value as of transaction date and revalued at the applicable exchange rate at yearend.

f. Insurance Reserves

The Corporation records an estimated loss for banks not yet closed but identified through a monitoring process as likely to fail in the future. This finding of probability of closure is the basis in determining existence of a loss contingency that triggers loss recognition as defined in Statement of Financial Accounting Standards (SFAS) No. 7. The amount of estimated loss is determined on an annual basis and reflects the best estimate as to adequacy of reserves against future losses.

Booked is a general provision called Estimated Insurance Losses intended to adequately cover anticipated losses from member banks identified to have great probabilities of closure where insurance payments may exceed recovery of assets during liquidation. Until 1995, estimates of the amount of annual provision were based mainly on past recovery/loss rate on subrogated claims. This has been constantly enhanced such that a new methodology of estimating

Notes to Financial Statements

insurance losses was implemented in 1996 and modified every year thereafter to suit the current conditions. The methodology involves three basic steps: 1) assessment of risk of bank closures using as basis a watchlist which identifies and categorizes banks according to degrees of probability of failure, 2) estimating the historical recovery/loss rates on subrogated claims; and 3) application of rate of loss on live banks identified in step 1 as having probability of closure, i.e., 58 percent for rural banks, 49 percent for thrift banks and 20 percent for commercial banks. Effective CY 2000, Estimated Insurance Losses account is classified as capital under the Deposit Insurance Fund.

g. Allowance for Uncollectible Accounts

Receivables arising from the Corporation's functions as insurer of deposits and receiver/liquidator of closed banks are provided allowance for doubtful recovery. Allowance for Losses on Subrogated Claims Receivable (payments made by the Corporation on insurance claims, see Note 7) is estimated using the historical rates of losses on each type of closed bank. This is presented as a reduction from the receivables using the loss rates:

	<u>Banks closed in 2000</u>	<u>Banks closed prior to 2000</u>
Rural Banks	58%	58%
Thrift Banks	49%	49%
Commercial Banks	0	90%

Expenses incurred by the Corporation in performing its receivership and liquidation function are recoverable from closed banks (booked as Accounts Receivable-Receivership and Liquidation, see Note 9) and are provided an allowance for probable losses computed at 70 percent of total receivables outstanding at yearend.

h. Accumulated Assessment Losses

Pursuant to Section 6(d) of R.A. 3591, As Amended, accumulated assessment losses [insurance assessment collected from banks minus a) operating costs and expenses of the Corporation; b) additions to reserves to provide for insurance losses; and c) insurance losses sustained plus losses from preceding years in excess of such reserves] shall be carried forward to be applied on assessments becoming due in subsequent years. For the year 2000, assessment losses amounted to P4.95 billion where P2.24 billion was absorbed by investment and other income, leaving P2.70 billion loss to be charged against assessments due in 2001.

i. Inventories

Inventories of supplies and materials, decals and standees, postage stamps and documentary stamps are recorded on a first-in first-out (FIFO) method.

j. Fixed Assets

Fixed assets are carried at cost and depreciated using the straight line method as follows:

Computers, Furniture, Fixtures, Equipment, Books	3 years
Vehicles	5 years
Building	25 years

Starting April 1997, estimated useful life of furniture, fixtures, equipment and books was revised from 5 to 3 years.

Notes to Financial Statements

k. Employee Benefit Plan

The Corporation has a contributory Provident Fund covering all employees. The fund is divided into provident fund and housing fund. Employee contributes 5 percent of basic salary to each fund while the Corporation puts in a total of 45 percent. Corporate contribution is vested to the employee after completing a year of service in the Corporation.

l. Accumulated Net Income Account

Recording of prior period adjustments is made in compliance with SFAS No.13. The Corporation considers as material prior period adjustments amounting to P1.0 million.

NOTE 2 - CASH ON HAND AND IN BANKS

This account includes the following:

	1999	2000
	(In Thousand Pesos)	
Cash on Hand ^{a/}	148	2,015
Cash in Bank - Principal Accounts ^{b/}	1,304	4,158
Cash in Bank - Settlement of Claims ^{c/}	8,924	19,440
Cash in Bank - Transferee Banks ^{d/}	14,262	331,213
Due from BSP	7	217
Total	24,646	357,043

^{a/} Includes Checks and Other Cash Items amounting to P1.93 million.

^{b/} Refers to payroll and corporate operating funds.

^{c/} Refers to funds for payment of insured deposits in closed banks whereby disbursement officers of the Corporation are deployed to closed banks to service claims of depositors.

^{d/} Refers to funds for payment of insured deposits in closed banks whereby the Corporation enters into an agreement with Land Bank branches within the vicinity of the closed banks and transfers funds to the said LBP branch(es) for the latter to undertake the actual payoff.

Notes to Financial Statements

NOTE 3 - SHORT TERM INVESTMENTS

This account consists of the following:

	1999	2000
	(In Thousand Pesos)	
Treasury Bills ^{a/}	258,516	1,377,489
Dollar Time Deposit ^{b/}	346,182	468,685
Special Savings Deposit	92,000	50,000
Total	696,698	1,896,174

^{a/} With terms ranging from 91 to 364 days and yield of 9.24 percent to 17.99 percent.

^{b/} With terms ranging from 117 to 124 days and yield of 5.608 percent to 6.012 percent.

NOTE 4 - OTHER CURRENT ASSETS

This account consists of the following:

	1999	2000
	(In Thousand Pesos)	
Accrued Interest on Financial Assistance	28,753	357,275
Prepaid Expenses ^{a/}	4,116	28,503
Inventory of Supplies and Materials ^{b/}	4,043	6,586
Accounts Receivable ^{c/}	1,568	13,713
Due from Officers and Employees	121	190
Others	863	602
Total	39,464	406,869

^{a/} Includes prepaid taxes on treasury bills, P26.13 million; property/health insurance, P2.31 million; others, P0.06 million.

^{b/} Includes semi-expendable supplies and materials booked under Inventory account in compliance with COA regulations.

^{c/} These are cash advances of officers and staff for training and travel expenses.

NOTE 5 - LONG TERM INVESTMENTS

PDIC's long term investments are composed of peso and dollar-denominated treasury notes and bonds.

	1999	2000
	(In Thousand Pesos)	
Government Securities-Global Bonds (Dollar)	277,129	343,754
Government Securities -Treasury Notes/Bonds (Peso)	20,545,974	21,577,502
Total	20,823,103	21,921,256

Increase in long term investments was funded by assessments collected from banks and interests from fixed rate treasury notes/ bonds.

NOTE 6 - FINANCIAL ASSISTANCE TO BANKS

This includes financial assistance extended to three (3) commercial banks and one (1) thrift bank amounting to P27.0 billion. As of yearend 2000, outstanding financial assistance amounted to P20.0 billion and P0.47 billion, a swap between Bangko Sentral ng Pilipinas' receivable from banks and PDIC's subrogated claims for the implementation of the Countryside Financial Institutions Enhancement Program or the CFIEP (see note 7).

A total of P16.98 billion in financial assistance to four (4) banks granted between 1997 and 1999 was not reflected in the books in compliance with Commission on Audit's (COA) recommendation that it should be off-book accounts.

NOTE 7 - SUBROGATED CLAIMS RECEIVABLE

Refers to PDIC's claims against closed banks arising from payment of insured deposits. On the other hand, the Subrogated Claims Receivable Assigned account represents the amount of subrogated claims assigned to BSP in exchange for notes receivable from banks that availed of the CFIEP administered jointly by PDIC, Land Bank of the Philippines (LBP) and BSP. Receivable from LBP under Note 6 is due at the end of 7 years from the date of asset swap and collection thereon will be used to redeem the subrogated claims assigned to BSP.

Notes to Financial Statements

This account is composed of the following:

	1999	2000
	(In Thousand Pesos)	
Total Subrogated Claims Receivable	7,618,850	10,826,939
Less: Recoveries	1,059,776	1,130,921
Subrogated Claims Receivable (Net)	6,559,074	9,696,018
Less:		
Subrogated Claims Receivable Assigned	224,307	474,434
Allowance for Losses	4,440,065	5,163,625
Net	1,894,702	4,057,959

In year 2000, 24 banks were ordered closed with estimated insured deposits of P3.36 billion involving 169,261 accounts. Payment of insured deposit claims started in 16 of the 24 closed banks. As of yearend 2000, total payments made in these 16 banks amounted to P2.20 billion involving 53,869 accounts.

NOTE 8 - FIXED ASSETS

This account includes the following:

	1999	2000
	(In Thousand Pesos)	
Land in Process ^{a/}	26,206	26,206
Building in Process ^{a/}	146,720	146,720
Land ^{b/}	67,305	67,305
Building ^{b/}	2,443	2,443
Furniture, Fixtures, Equipment and Books	97,269	93,362
Total	339,942	336,035
Less: Allowance for Depreciation	108,985	107,546
Net Book Value	230,958	228,489

^{a/} The Chino Roces property was obtained by virtue of a Deed of Conditional Sale between the Asset Privatization Trust (APT) and PDIC on 25 August 1989. The purchase price of P33.95 million was put in escrow account since there were still uncanceled liens and encumbrances on the title of the property at the time of the execution of the Deed of Conditional Sale. The cancellation of the liens on the Transfer Certificate of Title (TCT) depends on the decision in a case still pending in court. Until the said condition is fulfilled, PDIC is not entitled to the issuance of a new title in its name.

^{b/} Closed Banco Primero property located in Pasay City was acquired by the Corporation in 1999.

Depreciation expense for 1999 and 2000 amounted to P14.49 million and P13.62 million, respectively.

NOTE 9 - OTHER ASSETS

This account includes the following:

	1999	2000
	(In Thousand Pesos)	
Accounts Receivable:		
Financial assistance to various banks which were subsequently closed ^{a/}	158,084	158,084
Various Closed Banks-Receiver'ship and Liquidation Expenses ^{b/}	145,439	268,253
Provident Fund ^{c/}	25,410	40,956
Other Banks-Assessment Deficiencies ^{d/}	12,817	12,817
Sub-total	341,749	480,110
Others ^{e/}	741,088	576,927
Total	1,082,837	1,057,037
Less: Allowance for Probable Losses	239,940	263,556
Net	842,897	793,481

^{a/} These are financial assistance granted to various banks which failed to recover and eventually closed. A 100 percent allowance is provided because these banks do not have enough assets to pay their obligations.

^{b/} These are expenses incurred by the Corporation in performing its mandate as receiver and liquidator of closed banks. An allowance of 70 percent of total receivables from closed banks outstanding at yearend is provided in view of the low recovery rate (see Note 1g).

^{c/} This represents seed money for the provident and housing fund (P9.5 million) and car fund (P31.46 million).

^{d/} These are outstanding assessment deficiencies under protest by Republic Planters Bank (P0.14 million) and Citibank (P12.67 million).

^{e/} Includes Deferred Charges against one (1) commercial bank amounting to P740 million representing excess of least cost amount of P789 million of the total amount of P1.529 billion condoned by PDIC (see Note 6). The P740 million may be recoverable over six years from interest differential on government securities held by PDIC for the account of the said commercial bank.

NOTE 10 - CURRENT LIABILITIES

This account includes the following:

	1999	2000
	(In Thousand Pesos)	
Accrued Interest Payable to BSP	129,765	449,885
Accounts Payable – Various	71,456	84,997
Others	79,273	1,052,754
Total	280,494	1,587,636

The interest on loans payable to BSP is payable annually every 2nd of July (see Note 11). The Accounts Payable-Variou's refers to the amount due to various suppliers/creditors. Classified under Others are: a) Due to Officers and Employees (P22.98 million); b) Provision for Retirement (P29.77 million); and c) Dividends Payable to the National Government (P1.0 billion). PDIC declared P2.0 billion as dividend to the National Government, equivalent to almost 100 percent of its net income for CY 2000.

Notes to Financial Statements

NOTE 11 - LONG TERM LIABILITIES

These include: (a) P1.318 billion outstanding loan from BSP at 8.5 percent which will mature on 2 July 2013, proceeds of which were used to service insurance claims in the 1980s; (b) a P150 million loan from BSP at 9.9 percent used to provide financial support in the merger of several rural banks. Additional P27 billion loan from BSP was availed of during the year as financial assistance to three (3) commercial banks and one (1) thrift bank (see Note 6).

A total of P16.98 billion loan from BSP availed of in connection with the financial assistance to four (4) banks granted between 1997 and 1999 was not reflected in the books in compliance with COA's recommendation that it should be off-book accounts.

NOTE 12 - OTHER LIABILITIES

This account includes the following:

	1999	2000
	(In Thousand Pesos)	
Deferred Assessment	601	88
Deferred Service Income	16,968	25,048
Deferred Credits	3,135	81,886
Unearned Income	-	375,491
Total	20,704	482,513

Deferred Assessment refers to overpayment by banks which are creditable to subsequent assessment period while Deferred Service Income refers to reimbursement of part of salary and other benefits of PDIC officials supervising receivership and liquidation function temporarily booked as such pending actual collection. These are charged to closed banks (under Accounts Receivable - Receivership and Liquidation) and shall be reversed as a reduction to operating expense upon collection. Deferred Credits account refers to the contra-account of Inventory Supplies and Materials - Semi-Expendable booked as such in compliance with COA regulations (see Note 4b). Unearned Income refers to treasury bonds purchased at a discount but sold with right to repurchase at face value.

NOTE 13 - PERMANENT INSURANCE FUND

This is the total capital provided by the National Government by virtue of R.A. 3591, As Amended. The full capitalization was reached in 1994 with the conversion to equity of the National Government the P977.8 million obligation of PDIC to the then Central Bank of the Philippines.

NOTE 14 - GROSS ASSESSMENT

This represents assessments collected from member banks (see Note 1b). Assessments collected during the past two years were as follows:

	1999	2000
	(In Thousand Pesos)	
Commercial Banks	3,086,869	3,421,097
Thrift Banks	324,484	261,362
Rural Banks	75,850	75,663
Total	3,487,203	3,758,122

NOTE 15 - OPERATING EXPENSES

Includes interest on BSP loans amounting to P996.04 million.

NOTE 16 - OTHER INCOME

Among those included in this classification are leasehold payments for office space by closed Pacific Bank, interest and penalties on late payments of assessments, dividends from PLDT, and proceeds from sale of old newspapers, etc. Effective January 1, 2000, the PDIC Board of Directors approved the charging of a management fee on the handling of funds of closed banks under receivership and liquidation equivalent to 1.25 percent of the net asset value for the year 2000. A total of P89.09 million was booked under Miscellaneous Income representing management fee for CY 2000.

NOTE 17 - CONTESTED BILLINGS

The following banks, in compliance with Regulatory Issuance No. 92-1 regarding rules and regulations governing the posting of security deposit by banks with contested billings, have maintained escrow deposits with government banks as follows:

Name of Bank	Assessment Deficiency	Escrow Deposits
	(In Thousand Pesos)	
Maybank (PNB – RB)	891	1,178
Citibank, N.A.	307,341	299,800
Total	308,232	300,978

The following banks have yet to maintain escrow deposits:

Name of Bank	Assessment Deficiency	Escrow Deposits
	(In Thousand Pesos)	
Bank of America	114,476	-
Hongkong and Shanghai Bank	143,446	-
Total	257,922	-

Notes to Financial Statements

NOTE 18 - BANKS UNDER RECEIVERSHIP AND LIQUIDATION

There are a total of 388 closed banks under PDIC receivership/liquidation management as of December 31, 2000, 24 of which were closed in 2000. Total assets and liabilities of the 388 closed banks as of yearend 2000 amounted to P40.23 billion and P41.86 billion, respectively.

NOTE 19 - UNPAID CLAIMS

As of yearend 2000, total claims for insured deposits filed with PDIC but still remain unpaid amounted to P1.04 billion involving 47,387 accounts, due to various reasons such as: a) awaiting depositors to claim payment of their insured deposits; b) awaiting depositors to submit documents necessary to complete their claims; c) awaiting resolution of legal issues/verification of deposits claimed.

The PDIC Board of Directors



Jose T. Pardo

Jose T. Pardo served as Secretary of the Department of Finance (DOF) and Chairman of the PDIC Board of Directors from January 8, 2000 to January 26, 2001. Prior to his appointment to the Finance Department, he was appointed Secretary of Trade and Industry. His involvement in government started in 1992 when he joined the Ramos Administration as a member of the Council of economic advisers and Commissioner of the Presidential Anti-Crime Commission.

A member of various civic and professional organizations, Mr. Pardo completed his Bachelor of Science in Commerce, Major in Accounting in De La Salle University (DLSU).

He also obtained his Master's Degree in Business Administration from the same University, the first graduate under the Harvard - DLSU Advisory Program.



Alberto G. Romulo

Alberto G. Romulo was designated Finance Secretary on January 26, 2001, the first cabinet member appointed following the historic EDSA People Power 2 Revolution. However, Mr. Romulo vacated his post to replace Mr. Renato De Villa as the Executive Secretary on June 15, 2001.

He held various positions in public office in the past such as Majority Leader at the Senate of the Philippines from 1992 to 1996, Minister/ Secretary of the Department of Budget and Management, and member of the Monetary Board and Batasan Pambansa.

Secretary Romulo obtained his Bachelor of Science Major in Commerce degree, cum laude at the De La Salle University, Bachelor of Laws at Manuel Luis Quezon University and Doctor of Laws at the University of Madrid.



Jose Isidro N. Camacho

Jose Isidro N. Camacho was sworn in as Secretary of the DOF on June 8, 2001, vice Alberto Romulo who was appointed Executive Secretary. As Finance Secretary, he also serves as Chairman of the PDIC Board of Directors, Governor for the Philippines to the Asian Development Bank, World Bank Group and the International Fund for Agricultural Development, and Alternate Governor for the Philippines to the International Monetary Fund. He is also Chairman of various government entities such as Land Bank of the Philippines and Trade and Investment Development Corporation and board member of the National Development Corporation, and the Development Academy of the Philippines.

A respected investment banker, he was Managing Director and Chief Country Officer of Deutsche Bank AG Manila branch. Earlier in his career, he was with Bankers Trust Company where he served as Managing Director with Partner status.

Mr. Camacho earned his Bachelor's Degree in Mathematics with cum laude honors from De La Salle University and Master's Degree in Business Administration with concentration on Finance from Harvard Business School.

The PDIC Board of Directors



Norberto C. Nazareno

Norberto C. Nazareno was appointed President and Chief Executive Officer of Philippine Deposit Insurance Corporation on April 1, 2000. He was President of Lisieux Inc., a management and financial consultancy firm, prior to his appointment.

From 1994-1999, he served as President and CEO of the Philippine Banking Corporation (PhilBank) and held directorship positions in various companies of PhilBank. He was President and Chief Executive Officer of Citicorp Securities, Inc. (1990-1994) prior to his transfer to PhilBank. He also served as Senior Vice President of State Investment House for five years, prior to which he spent 19 years with Citibank N.A.,

serving in various capacities.

Actively involved in the capital market and other sectors of the business community, he served as Governor and Treasurer of the Philippine Stock Exchange, Governor of Makati Stock Exchange, and Chairman of the Technical Committee of the Capital Market Development Council. He was also a member of the Board of Trustees of the Philippine Business for Social Progress, Director and Chair of the Ethics Board of the Financial Executives Institute of the Philippines, and Director of the Bankers Association of the Philippines, among others.

Mr. Nazareno obtained both his Bachelor of Arts in Economics and Master's Degree in Business Management from the Ateneo de Manila University.



Rafael B. Buenaventura

Rafael B. Buenaventura assumed the position of Governor of the Bangko Sentral ng Pilipinas (BSP) on July 6, 1999, following a long and distinguished career of over 30 years in private commercial banking. Prior to his appointment as BSP governor, Mr. Buenaventura was President and Chief Executive Officer of the Philippine Commercial International Bank (PCIB) and Chairman of various companies of the PCIB Group for 10 years, during which PCIB was given recognition by top business magazines, such as Best Bank in the Philippines (1993-1997) by Euromoney Institute of Finance, Commercial Bank of the Year (1994-1996) from Asiamoney, among others. Previous to

PCIB, he held senior positions in Citibank from 1965 to 1989, where he served as Chief Executive Officer of Citibank Philippines from 1982-1985, in Malaysia (1976-1979), and in Indonesia (1974-1976). Prior to his departure from the Bank, he was Senior Vice President and Division Executive for Southern Europe from 1985 to 1989, responsible for Italy, Spain, Portugal, Greece and Turkey.

Mr. Buenaventura served as President of the Bankers Association of the Philippines from 1994-1997, and Chairman of the ASEAN Banking Council from 1996-1997. He was a recipient of many business awards, including "One of Asia's Most Outstanding Bankers" by Asiamoney in 1991.

A Bachelor of Science in Commerce graduate of De La Salle University, Mr. Buenaventura took his Master's Degree in Business Administration at Stern Graduate School of Business, New York University. He also attended the Advanced Management Program at Harvard University/University of Hawaii.



Cesar U. Querubin*

A lawyer, banker, and businessman, Mr. Querubin sits as Director in various corporations.

Mr. Querubin previously served as Executive Vice President of Citytrust Banking Corporation; President and Chief Executive Officer of the Boston Bank of the Philippines (now Bank of Commerce); Chairman of Penta Capital Investment Corporation; and Vice Chairman of Penta Capital Finance Corporation. He was a Director of the Bankers Association of the Philippines (BAP) for several years. He also provided consultancy services to the Bangko Sentral ng Pilipinas and Bank of Southeast Asia.

Aside from his banking experience, Mr. Querubin was a Bar Examiner, once in Taxation and twice in Mercantile Law. He spent fifteen years in the teaching profession, having served as professor and special lecturer in law, banking and finance, economics and business management in several law schools and universities.

** Resigned effective February 26, 2001.*



Cesar S. Arnaldo

Mr. Arnaldo is currently Chairman and President of the Cavite Agro-Industrial and Development Corporation and C.E. Arnaldo, Inc. and Director of Himlayang Pilipino, Inc. Prior to his appointment at PDIC, he was Chairman and President of the Rural Bank of General Trias, Inc.

He was a recipient of many awards which include, 1966 Business Man of the Year by the Radio and TV Broadcasters of the Philippines, and Most Outstanding Citizen of General Trias in 1981. A Bachelor of Science in Commerce graduate of the University of Sto. Tomas, Mr. Arnaldo obtained his Master's Degree in Business Administration from the New York University.



Carmen DV. Lim

Carmen DV. Lim was appointed member of the PDIC Board on May 2, 2001, replacing Mr. Cesar Arnaldo. Ms. Lim is currently President of Carven Realty, Inc., and Director of the Philippine Chamber of Real Estate Professionals, Quezon City Confederation of Senior Citizens, Inc., and Women's Federation for World Peace (Philippines).

Ms. Lim is a Certified Public Accountant and a realtor by practice. She had 16 years of experience as a supervising bank examiner of Central Bank of the Philippines. She also served as Board Director for Philippine Commercial International Bank from 1997 to 1998, and PNB Securities, Inc. from 1995 – 1998.

She graduated from the University of Sto. Tomas with a degree in Bachelor of Science in Commerce.



Pastor T. Saycon

Pastor T. Saycon is the newest member of the PDIC Board having been appointed on May 31, 2001. A real estate developer by practice, Mr. Saycon is currently Director/Executive Vice President of Continental Enterprises Co. Inc.

Mr. Saycon is a founding member and Secretary General of the Council on Philippine Affairs (COPA). He also served as consultant and adviser for former President Fidel V. Ramos from 1989 to 1992.

At Your Service: The PDIC Management

NORBERTO C. NAZARENO
President & Chief Executive Officer

RICARDO M. TAN
Executive Vice President

GUMERSINDO C. ARROYO, SR.
Senior Vice President - Claims, Receivership and Liquidation

ROSALINDA U. CASIGURAN
Senior Vice President - Legal Affairs

VIRGINIA P. CASTILLO
Senior Vice President - Corporate Affairs

LOURDES B. ABADA
Vice President - Human Resource/Internal Services Management

AURORA C. BALDOZ
Vice President - Claims, Receivership and Liquidation II

CATHERINE F. BAMBA
Vice President - Special Services

RESCINA S. BHAGWANI
Vice President - Special Actions and Assistance

MA. ELENA E. BIENVENIDA
Vice President - Finance

NESTOR Z. FLORES
Group Head, Human Resource Development

NOEMI R. JAVIER
Vice President - Field Examination

FLORENCIO B. PAGSALIGAN
Vice President - Asset Management

ARMANDO L. QUILALA
Vice President - Management Control Office

PABLO Y. ROMERO, JR.
Vice President - Litigation and Investigation Services

MA. ANA CARMELA L. VILLEGAS
Vice President - Insurance and Bank Performance Monitoring

ELENITA B. VIDAL
Vice President - Claims, Receivership and Liquidation I

EDITA D. VILLAR
Vice President - Claims, Receivership and Liquidation III



At Your Service:

The PDIC Roll

As of December 31, 2000

A

Abada, Lourdes B.
 Abadilla, Fernando S.
 Aban, Alexis A.
 Abay, Josue G.
 Abenis, Maria Salome C.
 Abiera, Dennis Y.
 Abogado, Nerilyn O.
 Acosta, Jr., Alejandro, S.
 Acuña, Adelia H.
 Acunin, Mara Jane L.
 Aduana, Gerhardus C.
 Adviento, Rosario F.
 Agabao, Lenin D.
 Agnes, Ma. Caridad R.
 Aguila, Janet B.
 Aguilar, Eladio R.
 Aguinaldo, Erlinda M.
 Aguinaldo, Leo L.
 Agustin, Jenelyn P.
 Alagos, Daisy Ann T.
 Alambra, Loida A.
 Alarca, Mary Rosalind A.
 Alba, Homer A.
 Alcoba, Ariel M.
 Aldeguer, Victoria T.
 Alidon, Pio B.
 Ambe, Geronimo V.
 Amigle, Noreen R.
 Anacan, Solomon R.
 Andaya, Arleigh S.
 Andrada, Jovy R.
 Angeles, Beatriz R.

Angeles, Ronald C.
 Ani, Jacqueline I.
 Antimano, Vilma A.
 Antonio, Jr., Florante, F.
 Antonio, Maria Gracia N.
 Antonio, Ricardo D.
 Aquino, Ernesto C.
 Ara, Erleen B.
 Aragon, Raul C.
 Arevalo, Elmo R.
 Argel, Renato R.
 Arias, Thelma B.
 Arizala, Aura Marina R.
 Arizobal, Mary Rose D.
 Arriola, Marivic C.
 Arriola, Romeo C.
 Arroyo, Sr., Gumersindo, C.
 Artillo, Mary Ardelyn D.
 Arzaga, Victoriano C.
 Ascaño, Rhoda R.
 Atendido, Jocelyn A.
 Aure, Oliver A.
 Aurelia, Edzel D.
 Austria, Rhea S.
 Avecilla, Augusto R.
 Ayran, Junnifer P.

B

Bacsal, Dionisia E.
 Badilla, Judith E.
 Badillo, Rosa Maria V.
 Bag-ao, Nicanora H.
 Bagnes, Lyn D.

Balasabas, Marilou M.
 Balde, Ma. Lea D.
 Baldonado, Ferdinand E.
 Baldono, Ricky R.
 Baldono, Sheila Marie C.
 Baldoz, Aurora C.
 Baldueza, Arlene G.
 Ballester, Lani G.
 Ballesteros, Arturo C.
 Baltazar, Ma. Paz V.
 Bamba, Catherine F.
 Banaag, Carlito B.
 Bandera, Socorro C.
 Barcen, Racelle B.
 Barite, Famela Pat S.
 Barnachea, Rene S.
 Barral, Rosalie F.
 Barranda, Stella D.
 Barrera, Romel M.
 Barril, Rosenda L.
 Barro, Imelda A.
 Barros, Leny Grace A.
 Bataan, Liz D.
 Batac, Araceli F.
 Batay, Rosalyn D.
 Bath, Aileen M.
 Bautista, Dinah T.
 Bautista, Edgardo M.
 Bautista, Zenaida P.
 Baylon, Josielyn S.
 Bello, Sherwin Z.
 Bello, Virginia D.
 Beltejar, Yshmael C.

At Your Service: The PDIC Roll

Beltran, Ma. Lourdes E.
 Beluan, Ferdinand M.
 Bendaña, Jose A.
 Bernardo, Emmanuel D.
 Bhagwani, Rescina S.
 Bien, Lolita B.
 Bienvenida, Ma. Elena E.
 Billones, Gilroy V.
 Binalla, Ester B.
 Bitang, Democrito L.
 Blaza, Victoria P.
 Bolivar, Ma. Antonette B.
 Bongalos, Maria Eliza B.
 Bonula, Fernando S.
 Boone, Aniceta A.
 Borlongan, Eugene V.
 Boticano, Fe B.
 Braga, Melody Grace M.
 Briones, Guillermo A.
 Buenaventura, Ardin S.
 Bugayong, Danilo B.
 Buiquil, Rene C.
 Busing, Marymer D.
 Buna, Lanie A.
 Bundalian, Glenda G.

C

Caba, Phedilyn R.
 Cabamongan, Rufina S.
 Cabiles, Arlene V.
 Cabradilla, Leon C.
 Cagalingan, Carol P.
 Calapan, Asuncion S.
 Calbario, Auramar D.
 Calleja, Ma. Evangeline P.
 Calleja, Thelma C.
 Caluag, Augusto N.
 Caluag, Concepcion C.
 Calub, Marilou D.

Calvez, Vilma Y.
 Camonay, Ma. Socorro R.
 Camua, Nimfa D.
 Cancino, Victoria M.
 Cañaveral, Joselito H.
 Cañaveral, Merlie M.
 Capasgordo, Divina C.
 Capuno, Jaime C.
 Carbo, Rizza L.
 Careng, Juana L.
 Carolino, Susana R.
 Carreon, Aileen B.
 Carreon, Delia A.
 Carreon, George Benedict O.
 Carreon, Joselito G.
 Carreon, Luisito M.
 Cascolan, Regierex P.
 Casia, Thelma A.
 Casiguran, Merlyn E.
 Casiguran, Rosalinda U.
 Castalla, Rossana V.
 Castillo, Virginia P.
 Castor, Cleofe D.
 Castro, Brenda P.
 Castro, Charmaine Cheryl S.
 Castro, Deborah V.
 Castro, Harry C.
 Castro, Ma. Margarita G.
 Castro, Ruben S.
 Catigbe, Hernando L.
 Catral, Sandra B.
 Cayanana, Jojo P.
 Centeno, Anima V.
 Cerdon, Jesse S.
 Chan, Jr., Pio B.
 Chavarria, Maria Corazon M.
 Chingcuangco, Esperanza L.
 Ciriaco, Marie Hazel V.
 Ciriaco, Virginia C.

Cobilla, Francisco D.
 Coligado, Josefina G.
 Comon, Bernadette P.
 Concepcion, Dennis H.
 Conge, Anastacio T.
 Corado, Myrna M.
 Cordero, Ruben C.
 Cordova, Jennette F.
 Cornista, Elmer R.
 Corona, Enrico C.
 Cortes, Jacinto C.
 Cortez, Josefina E.
 Cortina, Raquel C.
 Costa, Henry A.
 Crisostomo, Enrico A.
 Crisostomo, Mary Ann C.
 Cruz, Alberto M.
 Cruz, Clarinda T.
 Cruz, Jocelyn J.
 Cruz, Levy C.
 Cruz, Mary Rose D.
 Cruz, Peñafrancia C.
 Cruz, Wilfredo S.
 Cuison, Mary Catherine Z.
 Cunan, Romeo P.
 Custodio, Angelito A.

D

Dabi, Sandra V.
 Dadpaas, Miriam B.
 Dagdag, Lorina J.
 Dalas, Ma. Teresa V.
 Dalida, Cely M.
 Dao, Marjorie M.
 Datingaling, Estelita R.
 Datu, Flordelis M.
 Datu, Marylyn I.
 David, Jose G.
 David, Ma. Redencion S.

Dayog, Lily E.
 Decena, Marivic R.
 De Asas, Ru C.
 De Guzman, Carey F.
 De Jesus, Christie V.
 De Jesus, Edmundo F.
 De Jesus, Fe R.
 De Jesus, Menard B.
 De La Peña, Maximo C.
 De Leon, Alicia M.
 De Leon, Dennis Carlos C.
 De Leon, Emmanuel C.
 De Leon, Joan S.
 De Leon, Rafael D.
 De Mesa, Ma. Lourdes G.
 De Ocampo, Irene Mercedes E.
 De Ramos, Marcelino A.
 De Torres, Carolina B.
 De Vera, Hermil P.
 De Vera, Rhiamar D.
 De Villa III, Vicente T.
 De Vivar, Marianita S.
 Del Rosario, Alejandro S.
 Del Rosario, Mario Jesus E.
 Dela Cruz, Amavi Y.
 Dela Cruz, Emelina M.
 Dela Cruz, Imelda G.
 Dela Cruz, Jofrey B.
 Dela Cruz, Nerissa B.
 Dela Cruz, Raquel A.
 Dela Cruz, Richard O.
 Dela Rosa, Franklin M.
 Delos Reyes, Lalaine P.
 Delos Reyes, Noel Q.
 Delos Reyes, Rosswell C.
 Delos Reyes, Virginia E.
 Delos Santos, Arnel M.
 Deticio, Elaine B.
 Diaz, Sandra A.

Diloy, Mary Ann D.
 Dionisio, Rosalina C.
 Dionisio, Veronica D.
 Dizon, Caryle G.
 Dizon, Francisco N.
 Dizon, Rosario E.
 Donato, Mateo A.
 Drilon, Ludovina V.
 Duco, Dinie D.
 Dulalia, Jr., Rogelio P.
 Dumagpi, Cynthia S.
 Dumale, Genalin A.
 Dumbrique, Dahlia E.
 Durana, Eunice L.

E

Eamilao, Dorothy C.
 Echaus, Natividad A.
 Eco, Irene E.
 Eco, Ma. Celeste G.
 Elardo, Nilo T.
 Encarnacion, Cely M.
 Enriquez, Analyn D.
 Enriquez, Juanito R.
 Enriquez, Remel R.
 Esguerra, Raquel V.
 Espiritu, Glizel C.
 Estanislao, Virgilio C.
 Esteves, Cherrylyn L.
 Estores, Gilda T.
 Estrabo, Ricardo C.
 Eugenio, Leah P.

F

Fajardo, Imelda A.
 Falcon, Michael M.
 Faune, Lynn N.
 Felix, Shirley G.
 Felix, Yasmin Corazon B.

Ferareza, Mario G.
 Fernandez, Laura P.
 Fernandez, Madelaine Barbara M.
 Fernandez, Venus F.
 Ferreras, Venus V.
 Festin, Jose Alexander G.
 Firmeza, Arlene Florence E.
 Florendo, Emma D.
 Flores, Elma L.
 Flores, Justice Lady S.
 Flores, Maria Cecilia E.
 Flores, Nestor Z.
 Flores, Roberto G.
 Floriza, Ma. Lenita I.
 Fonbuena, Erlynne M.
 Formaran, Lilibeth R.
 Francisco, Ma. Luz B.
 Franco, Gerardo C.
 Franco, Jr., Honorio E.
 Fria, Rosario R.
 Fuentes, Antonio Benjamin M.

G

Gacayan, Cynthia V.
 Galan, Jose E.
 Galang, Yrenn Armielita S.
 Gallardo, Teodoro E.
 Galosmo, Fredy S.
 Gamboa, Aries T.
 Gana, Jose Mari C.
 Garay, Marisa A.
 Garcia, Renato C.
 Garcia, Teresa H.
 Gatdula, Lawrence C.
 Gatpatan, Edgar G.
 Gayla, Ma. Nenita N.
 Gayondato, Louella Belle L.
 Geloca, Imelda V.
 Gener, Corazon P.

At Your Service: The PDIC Roll

Gepila, Mary Jane G.
Gepte, Rosario I.
Giron, Joselito M.
Gloria, Melanie R.
Gloriani, Imelda L.
Go, Daniel D.
Go, Rosalyn M.
Gongon, Anita R.
Gonzales, Cyril O.
Gonzales, Jose Raymundo O.
Gonzales, Teresita D.
Gonzalez, Erwin L.
Gopez, Bernadette L.
Granil, Gerardo A.
Guanlao, Anelen L.
Guerrero, Lily Ma. Araceli C.
Guerrero, Napoleon Joey A.
Guico, Ana Liza F.
Guintu, Ma. Teresa C.
Guna, Alex L.
Gutierrez, Magnolia S.

H

Haber, Elmer Juan C.
Hanopol, Ma. Ester D.
Haw, Ma. Frecelyn M.
Hernandez, Fe S.
Hernandez, Kathleen M. C. B.
Herrera, Ma. Teresa A.
Herrera, Romeo L.
Hinola, Anne Belinda N.
Hiponia, Grace F.
Hirang, Teodoro Jose D.
Hogar, Joselito C.
Hombrebueno, Maybelyn V.
Hortelano, Francis Randy J.

I

Ibabao, Wilfrida S.

Ilarde, Lourdes H.
Ileto, Oliver R.
Indorte, Eloida B.
Infante, Shiela Grace M.

J

Jao, Jason C.
Jaramillo, Monina H.
Javier, Noemi R.
Jongco, Filomena E.
Jorda, Annabelle A.
Jose, Jacqueline O.
Jose, Napoleon D.
Joven, Celia D.
Joyas, Ma. Victoria C.
Juan, Racquel M.
Juano, Ada C.
Jurado, Rizalyn P.

K

Kasala, Jr., Simeon B.
Kimpoo, Gamaliel F.

L

Labatorio, Anne M.
Laconsay, Zosima D.
Lacson, Jesusana B.
Lacson, Mylene O.
Ladra, Luisito H.
Lajom, Jose Alejandro C.
Landicho, Wennie C.
Lanting, Juan V.
Lao, Analinda C.
Lapinid, Evangeline B.
Lapitan, Ligaya A.
Laresma, Luis D.
Lasam, Mario D.
Laxamana, Sr., Ernesto R.
Layno, Jocelyn M.

Leal, Lou D.
Ledesma, Ida T.
Legaspi, Lionel N.
Legion, Isaac A.
Leosala, Carol L.
Lepasana, Tyrone D.
Lescano, Melanie E.
Lesigues, Victoriano C.
Le Van Thai, Joselito D.
Libunao, Ma. Lolita S.
Llamoso, Helen V.
Llana, Maria Flora C.
Llapitan, Laarni C.
Loja, Reynaldo L.
Lomio, Emerson M.
Lopez, Irene R.
Lovina, Digna M.
Lozada, Lynette M.
Lucina, Rosalie R.
Lucinario, Nilo Aldrin M.
Lucos, Florante D.
Lumaguez, Jose C.
Lumban, Ma. Sarah A.
Luna, Ma. Theresa F.

M

Maamo, Ramon A.
Maan, Alicia J.
Macadangdang, Glinda R.
Macaspac, Jerome B.
Macayan, Glenda A.
Madriaga, Josephine F.
Maestrado, Jona T.
Magamo, Elizabeth D.
Magbuhay, Eriberto B.
Magday, Benefico M.
Magsakay, Trinidad F.
Magsino, Imelda K.
Magsino, Marissa C.

Mahusay, Cynthia R.
 Maingat, Grace B.
 Mainit, Alan T.
 Malabanan, Marcial M.
 Malabuyoc, Alteo C.
 Malco, Andres T.
 Malit, Meliza G.
 Manahan, Helen M.
 Manaig, Maileen D.
 Manalang, Jo-ann Marie C.
 Manalo, Vanessa Esther G.
 Manarpaac, Amor P.
 Maniago, Vivencio M.
 Manuel, Jr., Rogelio D.
 Manzala, Venus P.
 Manzanares, Mauricia C.
 Maravilla, Alex N.
 Marbella, Melchor N.
 Marcellana, Eufrocino M.
 Marcelo, Joselita L.
 Marcelo, Maricel M.
 Marcilla, Josette Sonia H.
 Margajay, Salud E.
 Marges, Eliezer M.
 Marges, Realinda R.
 Marquez, Antonio V.
 Martinez, Luisa F.
 Martinez, Victoria P.
 Martos, Ma. Gina G.
 Mata, Hans C.
 Matabang, Apolonio M.
 Matamorosa, Alexandreu L.
 Matanguihan, Carmela M.
 Mateo, Carmina V.
 Medina, Gloria S.
 Medrano, Ofelia E.
 Mendoza, Edgardo L.
 Mendoza, Liwanag R.
 Mendoza, Luisito Z.

Mendoza, Mary Ann M.
 Mercado, Eloisa I.
 Mercado, Jose Alex P.
 Mercado, Regina P.
 Mercado, Roberto V.
 Merioles, Jr., Osias M.
 Miano, Jose P.
 Miano, Jr., Sergio B.
 Mikin, Marlowe E.
 Millan, Ellen S.
 Mindanao, Jr., Jorge M.
 Minguillan, Marcia Joan D.
 Minoza, Noela C.
 Miranda, Ma. Luisa R.
 Miranda, Marilou G.
 Miranda, Ronald B.
 Miranda, Veronica C.
 Mojica, Ma. Rosario T.
 Molines, Rafael A.
 Mones, Emmanuelita R.
 Montenegro, Lily Ann S.
 Montes, Josefina F.
 Monteverde, Helen Evangeline Q.
 Morales, Herminia S.
 Morales, Rosalina G.
 Moreno, Lorna C.
 Muhat, Jessie Dante B.
 Musni, Melanie V.

N

Nadal, Nanita O.
 Nagano, Elizabeth D.
 Natividad, Ma. Theresa G.
 Nazareno, Anna Ria P.
 Nazareno, Norberto C.
 Negradas, Orlando, Jr. C.
 Nemenzo, Maria Cecilia G.
 Nepomuceno, Jocelyn J.
 Nicolas, Fortunato A.

Nivera, Bettina L.
 Nora, Adelaida M.
 Nuevas, Margaret V.

O

Obrero, Angel B.
 Obsequio, Brian R.
 Ocampo, Adoracion R.
 Ocampo, Joel C.
 Ocampo, Sheila Therese P.
 Olase, Eliza R.
 Oldan, Jocelyn Giovanna P.
 Oldan, Joven P.
 Oller, Elizabeth E.
 Olpindo, Baby Linda T.
 Omas-as, Veronica V.
 Opura, Romeo B.
 Orillana, Julio O.
 Orlina, Teresita P.
 Orodio, Roselily E.
 Ortiz, Amalia T.

P

Pacis, Arnold L.
 Pagarigan, Cynthia U.
 Pagharion, Christi Claire R.
 Pagsaligan, Florencio B.
 Palmero, Arlene U.
 Paman, Godofreda S.
 Paneda, Imelda R.
 Pangan, Reffie M.
 Panganiban, Jovita Nancy M.
 Pangilinan, Arlene T.
 Pantaleon, Artemio J.
 Pantaleon, Polo L.
 Parra, Mario D.
 Parreno, Edmundo P.
 Pascual, Ethel C.
 Pascual, Ma. Teresa B.

Patalinghug, Quralene P.
 Patron, Rosanna A.
 Patron, Vafil V.
 Pe Benito, Romeo V.
 Peraja, Marizel B.
 Peralta, Arlene A.
 Peralta, Ida Marie E.
 Perez, Criselda E.
 Perez, Josefina B.
 Perez, Fernando C.
 Permejo, Alicia R.
 Pico, Ferdinand V.
 Pineda, Jocelyn D.
 Pineda, Richard R.
 Pineda, Rodante G.
 Poblete, Rosalia S.
 Porsovigan, Flordeliz C.
 Portacio, Nelson G.
 Prado, Jr., Andres A.
 Pulido, Renato N.
 Punay, Ma. Teresa N.
 Purio, Ludivina T.
 Puzon, Ma. Elizabeth M.
 Puzon, Marivic C.

Q

Quemada, Jonah A.
 Quilala, Armando L.
 Quintano, Ignacio M.
 Quintos, Gerardo G.
 Quirante, Lorna E.
 Quitevis, Eustaquia M.
 Quitoras, Edralin G.

R

Rabida, Eduardo Q.
 Rabot, Nenita M.
 Racelis, Cristina M.
 Raffles, Wilfredo B.

Rama, Nestor M.
 Ramallosa, Eliseo R.
 Ramirez, Joseph Ariel P.
 Ramirez, Maria Bella C.
 Rante, Rodolfo B.
 Recitas, Ma. Carmen Rosario Z.
 Reformado, Maria Monita B.
 Refran, Ruth A.
 Relucio, Ma. Lourdes R.
 Remolona, Agnes E.
 Repedro, Rizalina I.
 Resuta, Edmund Jerome G.
 Rey Lara, Leonora V.
 Reyes, Fely D.
 Reyes, Lilian P.
 Reyes, Ma. Lucila H.
 Reyes, Ma. Victoria R.
 Reyes, Raul C.
 Reyes, Rey Michael H.
 Reyes, Ronald L.
 Reyes, Jr., Domingo Y.
 Ribay, Madeleine C.
 Rico, Zenaida R.
 Rigayen, Evangeline T.
 Rivera, Cecilia C.
 Rivera, Radamis C.
 Robes, Ferdinand P.
 Rodrigo, Ramil B.
 Rodriguez, Juanito V.
 Rodriguez, Rodelia C.
 Roldan, Steve Francis A.
 Romana, Joseph Gerard F.
 Romero, Jr., Pablo Y.
 Roque, Anna Liese L.
 Rosaceña, Voltaire E.
 Rosario, Melvin C.
 Rubrico, Minviluz O.

S

Sabas, Agapito S.
 Sabino, Ma. Divina E.
 Sabino, Robert Dennis S.
 Sala, Joyce A.
 Salamanca, Grace G.
 Salazar, Jr., Jesus G.
 Salceda, Arnel V.
 Salcor, Ma. Theresa B.
 Salgado, Imelda R.
 Salonga, Emilia C.
 Salvador, Mary Jane L.
 Samonte, Leonor S.
 Samson, Maida G.
 Samson, Samuelex S.
 San Pedro, Josefina S.
 Sanchez, Abigail R.
 Sanchez, Jr., Jaime B.
 Sanchez, Ma. Bernadette R.
 Sandoval, Virgilio H.
 Santillan, Ismael C.
 Santillan, Mary Ann M.
 Santos, Carlota P.
 Santos, Cherryl C.
 Santos, John Ephraim A.
 Santos, Julita A.
 Santos, Maria Leodora B.
 Santos, Maritess H.
 Saranillo, Rodolfo D.
 Saret, Jaime H.
 Saret, Paulo V.
 Saura, Edmundo L.
 Saura, Elisa T.
 Sebial, Ma. Linda R.
 Segovia, Teresita C.
 Seña, Jr., Hermienigildo H.
 Serafin, Evelyn R.
 Serdon, Teodoro N.
 Serrano, Jesus G.

Serrano, Paulo R.
 Sese, Joseph Emil G.
 Severo, Maelyn G.
 Sevilla, Nancy L.
 Sienes, Alex C.
 Simeon, Ricardo R.
 Simon, Ariel C.
 Simplicio, Delhi C.
 Sinco, Lerma E.
 Singzon, Edmund B.
 Solis, Ferdinand S.
 Soltura, Nenita A.
 Soneja, Lyn L.
 Soriano, Jocelyn A.
 Soriano, Maria Cristina M.
 Suguitan, Christopher G.
 Sula, Redelina Rama C.
 Sulit, Norman M.
 Sumawang, Ma. Cecilia C.
 Sy, Emma D.
 Sykimte, Baldwin L.

T

Tabac, Araceli H.
 Tabadero, Glenn U.
 Tabal, Elmer B.
 Tablizo, Edwin M.
 Tabugader, Bernardo A.
 Tabugader, Thelma M.
 Tagle, Amabelle L.
 Tamayo, Mila O.
 Tamayo, Recaredo Leighton A.
 Tan, Abella M.
 Tan, Ricardo M.
 Tan, Victoria D.
 Tanieca, Corazon G.
 Tapia, Sandra P.
 Tatu, Josefina May G.
 Tolentino, Ionie L.

Tongko, Bernardino A.
 Tongson, Jr., Floro M.
 Torres, Daisy F.
 Torres, Eliza R.
 Torres, Marcelo M.
 Torres, Jr., Andrew Fortunato D.
 Torres, Jr., Ernesto R.
 Trajano, Jose Chito A.
 Trillana, Ma. Cristina H.
 Trogani, Martina C.
 Tubelonía, Cleofe J.
 Tulaylay, Maria Rafaela T.
 Tumang, Editha D.
 Tumbokon, Nathanael A.
 Tungcul, Diosdado C.
 Turgo, Aurora P.

U

Ulbata, Leticia S.
 Unlayao, Jannel G.
 Uy, Antonio C.

V

Valero, Marilou P.
 Valderama, Airene M.
 Valdes, Leah Nimfa M.
 Valdez, Jose L.
 Valdez, Josephine D.
 Valdezco, Michael R.
 Valiente, Roselle Marjorie R.
 Vallada, Ma. Joselyn S.
 Vallado, Susan Victoria P.
 Vargas, Ricky R.
 Vasquez, Caroline Loreto E.
 Velasco, Janet L.
 Velasquez, Andres C.
 Velez, Renato P.
 Velilla, Josefina J.
 Veradio, Reuben Ritzuko T.

Vergara, Norman Q.
 Veridiano, Arvin A.
 Verzosa, Susan S.
 Vestal, Ma. Teresa C.
 Victoria, Genoveva A.
 Vidal, Elenita B.
 Villaluna, Niño Ray L.
 Villanueva, Gloria M.
 Villanueva, Karen Suzette D.
 Villanueva, Margarita V.
 Villanueva, Ma. Theresa S.
 Villar, Edita D.
 Villareal, Joal L.
 Villaret, Jr., Jose G.
 Villaroman, Zenaida A.
 Villaviray, Olivia S.
 Villegas, Ma. Ana Carmela L.
 Villeno, Madeline T.
 Viloría, Lyn G.
 Viloría, Kathleen P.
 Viloría, Zaldy C.
 Vinas, Glen P.
 Viray, Ana Rosa E.
 Vizcarra, Daisy A.

Y

Yabot, Carla Mari E.
 Ybañez, Jr., Antonio Errol B.

Z

Zabayle, Patricia J.
 Zeta, Christina C.

Affiliated Organizations

as of December 31, 2000

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RICARDO C. ESTRABO	Member		

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EDMUNDO L. SAURA	Treasurer	ROBERTO G. FLORES	PRO

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RESCINA S. BHAGWANI	Vice Chairman	ZOSIMA D. LACONSAY	Board Member
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CATHERINE F. BAMBA	Board Member		

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TEODORO JOSE D. HIRANG	President	SHIRLEY G. FELIX	Secretary
MA. ANTONETTE B. BOLIVAR	Vice President	LOURDES H. ILARDE	Treasurer
CARLITO B. BANAAG	Auditor		

Organizational Chart

Approved by the Board of Directors
on February 12, 2001

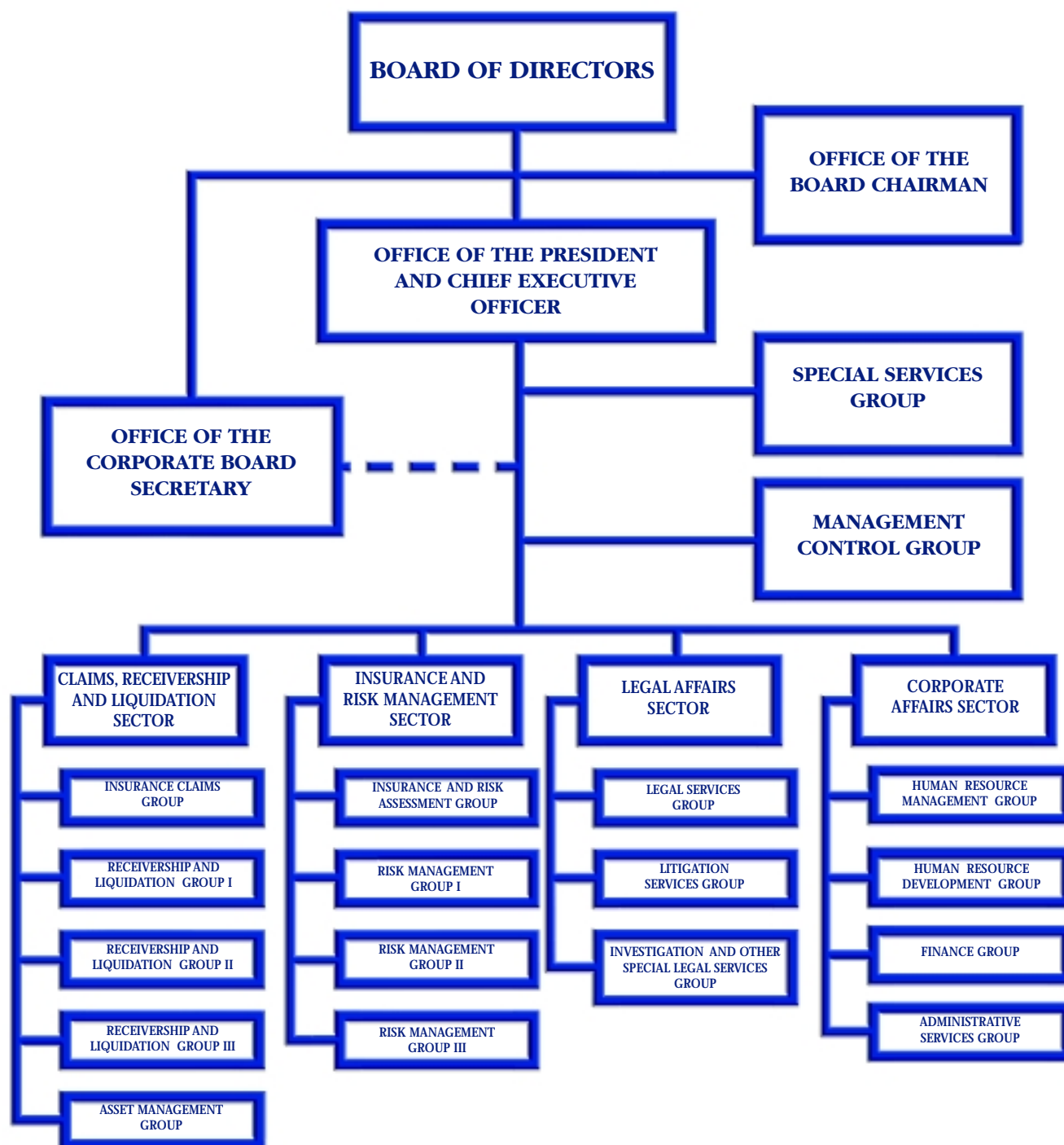


Table 1. Selected Indicators on the Philippine Banking System *
Amounts in Billion Pesos

Indicators	1998	1999	2000
Assets	2,775.9	2,954.6	3,237.0
Quick Assets ¹	562.4	612.3	686.2
Net Loans	1,643.2	1,651.2	1,686.8
Gross Loans	1,712.1	1,751.6	1,804.1
Current	1,522.9	1,526.3	1,526.7
Past Due Loans + Items in Litigation	189.2	225.2	277.4
Allowance for Probable Losses	68.8	100.4	117.4
Investments in Bonds and Other Debt Instruments- Others	170.4	168.7	251.4
Equity Investments	63.4	70.8	77.8
Underwriting Accounts	2.8	0.3	0.1
Bank Premises	82.3	94.0	102.3
Real and Other Properties Owned or Acquired (ROPOA)	62.0	120.2	153.0
Deferred Income Tax	17.0	25.3	35.8
Other Assets	172.4	211.9	243.6
Liabilities	2,386.1	2,525.1	2,798.8
Deposits	1,755.0	1,919.4	2,085.1
Borrowings	343.5	361.2	424.5
Other Liabilities	287.6	244.4	289.2
Capital	389.8	429.5	438.2
Income & Expenses			
Net Interest Income	119.6	97.5	90.1
Interest Income	295.8	235.9	235.2
Interest Expense	176.3	138.5	145.1
Net Other Operating Income/(Loss)	(102.9)	(92.4)	(84.7)
Other Operating Income	41.9	50.7	43.7
Other Operating Expense	107.6	106.0	109.0
Provisions	37.1	37.1	19.3
Non-Operating Income/Expense	7.9	9.2	8.3
Net Income Before Tax	24.6	14.2	13.7
Provision for Income Tax	2.7	2.4	1.9
Net Income After Tax	21.9	11.8	11.7
Selected Ratios (%)			
Capital Adequacy			
Capital/Risk Assets ²	15.9	15.9	14.6
Total Liabilities/Capital	662.3	658.8	726.9
Asset Quality			
Past Due Loans + Items in Litigation/Gross Loans	11.0	12.9	15.4
Non-Performing Assets ³ /Total Assets	9.0	11.7	13.3
Gross Problematic Assets ⁴ /Total Assets	10.6	13.6	15.3
Loan Loss Provision/Gross Loans	4.0	5.7	6.5
Loan Loss Provision/Past Due Loans + Items in Litigation	36.4	44.6	42.3
Profitability			
Net Income Before Tax/Average Equity (ROE)	6.5	3.5	3.2
Net Income Before Tax/Average Assets (ROA)	0.9	0.5	0.4
Net Interest Income/Average Earning Assets ⁵ (Net Interest Margin)	5.1	4.2	3.8
Effective Spread on Loans (Yield on Loans - Deposit Cost)	6.5	5.6	5.3
Other Operating Expense + Provisions/Net Interest Income + Other Operating Income (Efficiency Ratio)	89.7	96.6	96.0
Liquidity			
Quick Assets/Total Deposits	32.0	31.9	32.9
Gross Loans/Total Deposits	97.6	91.2	86.5
No. of PDIC Member Banks	990	971	939

* Data include accounts in overseas branches of Philippine banks.

¹ Comprised of Cash on Hand, Cash and Other Cash Items (COCI), Due from BSP, Due from Banks, Marketable Securities, Available Securities for Sale and Investments in Bonds and Other Debt Instruments (IBODI) - Government.

² Capital is net of Appraisal Increment Reserves and Deferred Income Tax; Risk Assets comprised of Total Assets less Non-Risk Assets. Non-Risk Assets comprised of Cash on Hand, Due from BSP, Trading Account Securities-Investment, Available Securities for Sale-Government, IBODI-Government, Bank Premises and Deferred Income Tax.

³ Comprised of Past Due Loans, Items in Litigation and ROPOA.

⁴ Comprised of Past Due Loans, Items in Litigation, ROPOA, and Restructured Current Loans.

⁵ Earning Assets comprised of Due from BSP, Due from Banks, Marketable Securities, IBODI, Equity Investments, Underwriting Accounts and Current Loans.

Table 2. PDIC Claims for and Recovery of Subrogated Deposits, 1998 – 2000
Yearend Position, Amounts in Million Pesos

	1998		1999		2000	
	No. of banks	Amount	No. of banks	Amount	No. of banks	Amount
Subrogated Deposits	328	4,516.65	353	7,783.42	384	10,921.94
Claims filed by PDIC against the closed banks	310	3,392.57	326	3,528.02	337	3,653.08
Claims in process	18	1,124.08	27	4,255.40	47	7,268.86
Recoveries on Claims Filed	34	181.09	37	1,059.50	39	1,130.64
Partial Recovery	4	15.02	5	867.36	6	885.49
Full Recovery	30	166.07	32	192.14	33	245.15
Claims filed but not yet recovered	276	3,211.48	289	2,468.52	298	2,522.44
Ratios						
Recoveries to Subrogated Deposits	10.4%	4.0%	10.5%	13.6%	10.2%	10.4%
Recoveries to Total Claims Filed	11.0%	5.3%	11.3%	30.0%	11.6%	31.0%

Note: Subrogated deposits represent insured deposits paid which consists of payments made to depositors, including US \$ payments converted to Philippine pesos for accounting purposes, and taxes (on insured deposits paid) remitted/to be remitted to the Bureau of Internal Revenue.

Table 3. Funds of Banks under PDIC Receivership and Liquidation, 1998–2000
Yearend Position, Amounts in Million Pesos

	1998	1999	2000
Regular Savings Account	-	2.28	12.56
Treasury Bills	35.51	3.69	1,803.27
Fixed Rate Treasury Notes and Bonds	4,829.56	5,531.37	2,631.00
Dollar Time Deposits	1,706.39	1,856.45	2,782.44
Philippine Collateralized Interest Reduction Bonds (PAR Bonds)	50.45	-	-
ROP Global Bonds	-	70.57	70.88
Total	6,621.91	7,464.36	7,300.14

Table 4. Status of Claims Settlement Operations in Closed Banks, 1998 – 2000
Amounts in Million Pesos

	Closed Banks	Total Deposits Accounts	Amount	Estimated Insured Deposits Accounts	Amount
1998 Closures					
Commercial Banks	1	49,450	3,570.08	48,040	834.81
Thrift Banks	6	72,198	1,668.74	71,912	1,554.64
Rural Banks	33 ^{b/}	47,769	300.82	46,110	282.38
Total	40	169,417	5,539.64	166,062	2,671.82
1999 Closures					
Commercial Banks	-	-	-	-	-
Thrift Banks	2	74,879	1,351.18	74,842	1,253.52
Rural Banks	31	168,552	2,604.04	168,160	2,514.88
Total	33	243,431	3,955.22	243,002	3,768.40
2000 Closures					
Commercial Banks	1	13,849	8,641.65	12,903	430.18
Thrift Banks	4	68,204	3,789.49	68,017	1,603.44
Rural Banks	19	88,567	1,471.85	88,341	1,330.11
Total	24^{c/}	170,620	13,902.99	169,261	3,363.73

^{a/} As of 31 December 2000

^{b/} Inclusive of 17 banks in Lanao del Norte/Sur closed without deposit insurance; hence deposit data of these banks are not included.

^{c/} Claims settlement operations started in only 16 banks, i.e., 1 KB, 2 TBs and 13 RBs. Insured deposits paid, however, include payments to depositors (consisting of 6 accounts amounting to P0.03 million) of 2 rural banks who availed of the emergency payout facility of the PDIC.

Table 5. Total and Insured Deposits in PDIC Member Banks, 1998–2000
Accounts in Thousands, Amounts in Million Pesos

Type of Bank	Member Banks	1998		Insured Deposits	Insured to Total Deposits	Member Banks
		Total Deposits Accounts	Amount			
Commercial Banks	53	15,933	1,566,883	280,178	17.9%	52
Private Banks	50	14,598	1,425,644	259,301	18.2%	49
Specialized Government Banks	3	1,335	141,239	20,877	14.8%	3
Thrift Banks	117	3,480	131,707	60,683	46.1%	119
Savings and Mortgage Banks	33	1,891	88,682	46,094	52.0%	36
Savings and Loan Associations	44	828	13,063	6,271	48.0%	42
Private Development Banks	40	761	29,963	8,318	27.8%	41
Rural Banks	820	4,473	37,079	23,592	63.6%	800
Total	990	23,886	1,735,669	364,453	21.0%	971

Notes:

A. Total deposits and insured deposits in PDIC member banks only; excludes deposits in overseas branches of Philippine banks.

B. All deposit accounts are covered by deposit insurance up to the maximum amount of P100,000.

C. Specialized government banks consist of Development Bank of the Philippines, Land Bank of the Philippines and Al Amanah Bank.

D. Details may not add up to total due to rounding.

Claims Filed ^{a/}		Insured Deposits Paid ^{a/}		Pending Claims ^{a/}	
Accounts	Amount	Accounts	Amount	Accounts	Amount
30,060	828.40	28,739	815.51	1,321	12.89
34,955	1,444.52	29,376	1,143.52	5,579	300.99
14,034	227.37	11,987	192.32	2,047	35.05
79,049	2,500.29	70,102	2,151.36	8,947	348.93
-	-	-	-	-	-
36,022	1,252.11	32,698	1,210.68	3,324	41.43
60,149	2,050.16	54,978	1,915.47	5,171	134.69
96,171	3,302.28	87,676	3,126.16	8,495	176.12
9,376	325.13	9,278	321.11	98	4.02
25,575	1,377.35	23,271	1,157.12	2,304	220.22
23,366	831.36	21,326	726.03	2,040	105.33
58,317	2,533.84	53,875	2,204.26	4,442	329.57

1999					2000			
Total Deposits Accounts	Amount	Insured Deposits	Insured to Total Deposits	Member Banks	Total Deposits Accounts	Amount	Insured Deposits	Insured to Total Deposits
16,587	1,728,780	289,603	16.8%	45	17,192	1,889,283	313,167	16.6%
15,027	1,563,368	268,501	17.2%	42	15,328	1,710,626	285,991	16.7%
1,560	165,412	21,101	12.8%	3	1,864	178,657	27,176	15.2%
3,166	131,858	38,182	29.0%	112	2,848	140,313	44,026	31.4%
1,793	87,687	25,119	28.6%	34	1,657	100,722	30,370	30.2%
677	10,763	5,160	47.9%	41	506	8,151	4,260	52.3%
696	33,408	7,902	23.7%	37	685	31,439	9,396	29.9%
4,379	35,494	21,624	60.9%	782	4,495	41,343	26,136	63.2%
24,132	1,896,133	349,409	18.4%	939	24,535	2,070,939	383,329	18.5%



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